Office of Missouri State Auditor

Fiscal Notes Prepared by the Missouri State Auditor's Office in 2020

Fiscal Note Number	Date Received	Fiscal Note Description	Date Submitted to Secretary of State
20-SJR 38	05/28/2020	**Senate Joint Resolution No. 38 - Proposed Constitutional Amendment Article III - Campaign Finance, Ethics, and Redistricting Reform**	06/26/2020
20-SJR 14 and 9	05/30/2019	**Senate Joint Resolution Nos. 14 and 9 - Term Limitations**	07/01/2019
20-R003	06/03/2019	Proposal Related to Senate Substitute for Senate Committee Substitute for House Bill No. 126, version 2 (Pearson) - Abortion	Rejected by Secretary of State
20-R002	06/03/2019	Proposal Related to Senate Substitute for Senate Committee Substitute for House Bill No. 126, version 1 (Pearson) - Abortion	Rejected by Secretary of State
20-R001	05/28/2019	**Proposal Related to Senate Substitute for Senate Committee Substitute for House Bill No. 126 (Baker) - Abortion**	07/23/2019
20-148	01/24/2020	Proposed Constitutional Amendment - Article XV (Parachini) - Right of Adults to Possess and Use Cannabis	Rejected by Secretary of State
20-147	01/23/2020	Proposed Constitutional Amendment - Article XV (Parachini) - Right of Adults to Possess and Use Cannabis	Rejected by Secretary of State
20-146	01/16/2020	Proposed Constitutional Amendment - Article XIV (Parachini) - Marijuana Legalization, Regulation, and Taxation	Rejected by Secretary of State
20-145	01/10/2020	Proposed Constitutional Amendment - Article XIV (Parachini) - Marijuana Legalization, Regulation, and Taxation	Rejected by Secretary of State
20-144	01/06/2020	**Proposal Related to Chapter 393, RSMo, version 3 (Owen) - Missouri Renewable Energy Standards**	02/07/2020
20-143	01/06/2020	**Proposal Related to Chapter 393, RSMo, version 2 (Owen) - Missouri Renewable Energy Standards**	02/07/2020
20-142	01/06/2020	**Proposal Related to Chapter 393, RSMo, version 1 (Owen) - Missouri Renewable Energy Standards**	02/07/2020
20-141	11/13/2019	**Proposal Related to Chapter 192, RSMo (Apple) - The Missouri Health Insurance Cooperative**	12/09/2019
20-140	11/13/2019	**Proposed Constitutional Amendment - Article III (Apple) - Election Reform**	12/09/2019
20-139	11/06/2019	**Proposed Constitutional Amendment - Article VIII, version 11 (Sedey) - Voting Reform**	12/09/2019
20-138	11/06/2019	**Proposed Constitutional Amendment - Article VIII, version 10 (Sedey) - Voting Reform**	12/09/2019
20-137	11/06/2019	**Proposed Constitutional Amendment - Article VIII, version 9 (Sedey) - Voting Reform**	12/09/2019

20-136	11/06/2019	**Proposed Constitutional Amendment - Article VIII, version 8 (Sedey) - Voting Reform**	12/09/2019
20-135	11/06/2019	**Proposed Constitutional Amendment - Article VIII, version 7 (Sedey) - Voting Reform**	12/09/2019
20-134	11/06/2019	**Proposed Constitutional Amendment - Article VIII, version 6 (Sedey) - Voting Reform**	12/09/2019
20-133	11/06/2019	**Proposed Constitutional Amendment - Article VIII, version 5 (Sedey) - Voting Reform**	12/09/2019
20-132	11/06/2019	**Proposed Constitutional Amendment - Article VIII, version 4 (Sedey) - Voting Reform**	12/09/2019
20-131	11/06/2019	**Proposed Constitutional Amendment - Article VIII, version 3 (Sedey) - Voting Reform**	12/09/2019
20-130	11/06/2019	**Proposed Constitutional Amendment - Article VIII, version 2 (Sedey) - Voting Reform**	12/09/2019
20-129	11/06/2019	**Proposed Constitutional Amendment - Article VIII, version 1 (Sedey) - Voting Reform**	12/09/2019
20-128	11/05/2019	**Proposed Constitutional Amendment - Article XIV (Hirner) - Marijuana Legalization, Regulation, and Taxation**	12/06/2019
20-127	10/29/2019	**Proposed Constitutional Amendment - Article XIV (Hirner) - Marijuana Legalization, Regulation, and Taxation**	11/25/2019
20-126	10/21/2019	**Proposed Constitutional Amendment - Article XIV (Hirner) - Marijuana Legalization, Regulation, and Taxation**	11/19/2019
20-125	10/10/2019	**Proposed Constitutional Amendment - Article XIV (Hirner) - Marijuana Legalization, Regulation, and Taxation**	Withdrawn by Petitioner 11/20/19
20-124	10/01/2019	Proposed Constitutional Amendment - Article VIII (Hurth) - Qualifications of Voters	Rejected by Secretary of State
20-123	09/30/2019	Proposed Constitutional Amendment - Article XIV (Hirner) - Marijuana Legalization, Regulation, and Taxation	Withdrawn by Petitioner 10/09/19
20-122	09/13/2019	**Proposed Constitutional Amendment - Article IX, version 2 (Aull) - Equality of Educational Opportunity**	10/11/2019
20-121	09/13/2019	**Proposed Constitutional Amendment - Article IX, version 1 (Aull) - Equality of Educational Opportunity**	10/11/2019
20-120	09/10/2019	**Proposed Constitutional Amendment - Article IX, version 4 (Aull) - Equality of Educational Opportunity**	10/11/2019
20-119	09/10/2019	**Proposed Constitutional Amendment - Article IX, version 3 (Aull) - Equality of Educational Opportunity**	10/11/2019
20-118	09/10/2019	**Proposed Constitutional Amendment - Article IX, version 2 (Aull) - Equality of Educational Opportunity**	10/11/2019
20-117	09/10/2019	**Proposed Constitutional Amendment - Article IX, version 1 (Aull) - Equality of Educational**	10/11/2019

		Opportunity	
20-116	09/04/2019	**Proposal Related to Chapter 393, RSMo, version 4 (Owen) - Missouri Renewable Energy Standards**	Withdrawn by Petitioner 12/04/19
20-115	09/04/2019	**Proposal Related to Chapter 393, RSMo, version 3 (Owen) - Missouri Renewable Energy Standards**	Withdrawn by Petitioner 01/14/20
20-114	09/04/2019	**Proposal Related to Chapter 393, RSMo, version 2 (Owen) - Missouri Renewable Energy Standards**	Withdrawn by Petitioner 01/14/20
20-113	09/04/2019	**Proposal Related to Chapter 393, RSMo, version 1 (Owen) - Missouri Renewable Energy Standards**	Withdrawn by Petitioner 01/14/20
20-112	08/09/2019	**Proposed Constitutional Amendment - Article VIII, version 8 (Sedey) - Voting Reform**	09/09/2019
20-111	08/09/2019	**Proposed Constitutional Amendment - Article VIII, version 7 (Sedey) - Voting Reform**	09/09/2019
20-110	08/09/2019	**Proposed Constitutional Amendment - Article VIII, version 6 (Sedey) - Voting Reform**	09/09/2019
20-109	08/09/2019	**Proposed Constitutional Amendment - Article VIII, version 5 (Sedey) - Voting Reform**	09/09/2019
20-108	08/09/2019	**Proposed Constitutional Amendment - Article VIII, version 4 (Sedey) - Voting Reform**	09/09/2019
20-107	08/09/2019	**Proposed Constitutional Amendment - Article VIII, version 3 (Sedey) - Voting Reform**	09/09/2019
20-106	08/09/2019	**Proposed Constitutional Amendment - Article VIII, version 2 (Sedey) - Voting Reform**	09/09/2019
20-105	08/09/2019	**Proposed Constitutional Amendment - Article VIII, version 1 (Sedey) - Voting Reform**	09/09/2019
20-104	07/31/2019	Proposed Constitutional Amendment - Article III (Apple) - Altering, Amending, or Repealing Enacted Initiative Petitions	Withdrawn by Petitioner 08/02/19
20-103	07/26/2019	**Proposed Constitutional Amendment - Article III (Apple) - Altering, Amending, or Repealing Enacted Initiative Petitions**	08/26/2019
20-102	07/25/2019	**Proposed Constitutional Amendment - Article III (Apple) - Election Reform**	08/26/2019
20-101	07/25/2019	**Proposed Constitutional Amendment - Article VIII (Apple) - Election of Statewide Office Holders**	08/26/2019
20-100	07/18/2019	Proposed Constitutional Amendment - Article VIII (Hurth) - Qualifications of Voters	Rejected by Secretary of State
20-099	07/01/2019	**Proposal Related to Chapters 130 and 143, RSMo (Apple) - Public Financing for Elections**	08/02/2019
20-098	06/27/2019	**Proposed Constitutional Amendment - Article VIII, version 2 (Sedey) - Voting Reform**	07/29/2019
20-097	06/27/2019	**Proposed Constitutional Amendment - Article VIII, version 1 (Sedey) - Voting Reform**	07/29/2019
20-096	06/27/2019	**Proposal Related to Chapter 192, RSMo (Apple) - The Missouri Health Insurance Cooperative**	07/29/2019
20-095	06/27/2019	Proposal Related to Chapters 130 and 143, RSMo (Apple) - Public Financing for Elections	Withdrawn by Petitioner 07/01/19
20-094	06/27/2019	Proposed Constitutional Amendment - Article III (Apple) - Altering, Amending, or Repealing Enacted	Rejected by Secretary of State

		Initiative Petitions	
20-093	06/27/2019	**Proposed Constitutional Amendment - Article III (Apple) - Locally Established Minimum Wage**	07/29/2019
20-092	06/20/2019	**Proposal Related to Chapter 558, RSMo (Hayes) - Prison Commitment Terms**	07/22/2019
20-091	06/18/2019	Proposed Constitutional Amendment - Article VIII, version 4 (Sedey) - Voting Reform	Withdrawn by Petitioner 07/02/19
20-090	06/18/2019	Proposed Constitutional Amendment - Article VIII, version 3 (Sedey) - Voting Reform	Withdrawn by Petitioner 07/02/19
20-089	06/18/2019	**Proposed Constitutional Amendment - Article VIII, version 2 (Sedey) - Voting Reform**	07/19/2019
20-088	06/18/2019	**Proposed Constitutional Amendment - Article VIII, version 1 (Sedey) - Voting Reform**	07/19/2019
20-087	06/17/2019	Proposed Constitutional Amendment - Article VIII, version 16 (Sedey) - Voting Reform	Withdrawn by Petitioner 06/18/19
20-086	06/17/2019	Proposed Constitutional Amendment - Article VIII, version 15 (Sedey) - Voting Reform	Withdrawn by Petitioner 06/18/19
20-085	06/17/2019	Proposed Constitutional Amendment - Article VIII, version 14 (Sedey) - Voting Reform	Withdrawn by Petitioner 06/18/19
20-084	06/17/2019	Proposed Constitutional Amendment - Article VIII, version 13 (Sedey) - Voting Reform	Withdrawn by Petitioner 06/18/19
20-083	06/17/2019	**Proposed Constitutional Amendment - Article VIII, version 12 (Sedey) - Voting Reform**	07/19/2019
20-082	06/17/2019	**Proposed Constitutional Amendment - Article VIII, version 11 (Sedey) - Voting Reform**	07/19/2019
20-081	06/17/2019	**Proposed Constitutional Amendment - Article VIII, version 10 (Sedey) - Voting Reform**	07/19/2019
20-080	06/17/2019	**Proposed Constitutional Amendment - Article VIII, version 9 (Sedey) - Voting Reform**	07/19/2019
20-079	06/17/2019	**Proposed Constitutional Amendment - Article VIII, version 8 (Sedey) - Voting Reform**	07/19/2019
20-078	06/17/2019	**Proposed Constitutional Amendment - Article VIII, version 7 (Sedey) - Voting Reform**	07/19/2019
20-077	06/17/2019	**Proposed Constitutional Amendment - Article VIII, version 6 (Sedey) - Voting Reform**	07/19/2019
20-076	06/17/2019	**Proposed Constitutional Amendment - Article VIII, version 5 (Sedey) - Voting Reform**	07/19/2019
20-075	06/17/2019	**Proposed Constitutional Amendment - Article VIII, version 4 (Sedey) - Voting Reform**	07/19/2019
20-074	06/17/2019	**Proposed Constitutional Amendment - Article VIII, version 3 (Sedey) - Voting Reform**	07/19/2019
20-073	06/17/2019	**Proposed Constitutional Amendment - Article VIII, version 2 (Sedey) - Voting Reform**	07/19/2019
20-072	06/17/2019	**Proposed Constitutional Amendment - Article VIII, version 1 (Sedey) - Voting Reform**	07/19/2019
20-071	06/17/2019	Proposed Constitutional Amendment - Article I (Johnson) - Abortion	Rejected by Secretary of State
20-070	06/12/2019	**Proposed Constitutional Amendment - Article XIV (Pedersen) - Missouri Cannabis Restoration and**	07/15/2019

		Protection	
20-069	05/30/2019	Proposed Constitutional Amendment - Article XIV (Pedersen) - Missouri Cannabis Restoration and Protection	Rejected by Secretary of State
20-068	05/30/2019	Proposed Constitutional Amendment - Article I (Johnson) - Abortion	Rejected by Secretary of State
20-067	05/30/2019	Proposed Constitutional Amendment - Article I (Johnson) - Abortion	Rejected by Secretary of State
20-066	05/15/2019	Proposed Constitutional Amendment - Article IV (Reed) - Recall Elective State Officers	Rejected by Secretary of State
20-065	05/13/2019	Proposed Constitutional Amendment - Article VIII (Hurth) - Qualifications of Voters	Rejected by Secretary of State
20-064	05/09/2019	Proposed Constitutional Amendment - Article XIV (Pedersen) - Missouri Cannabis Restoration and Protection	Rejected by Secretary of State
20-063	05/03/2019	**Proposed Constitutional Amendment - Article IV (Miller) - Changes to Missouri HealthNet Program**	05/31/2019
20-062	04/26/2019	Proposed Constitutional Amendment - Article IV (Miller) - Changes to Missouri HealthNet Program	Rejected by Secretary of State
20-061	04/22/2019	Proposed Constitutional Amendment - Article IV (Reed) - Recall Elective State Officers	Rejected by Secretary of State
20-060	04/18/2019	Proposed Constitutional Amendment - Article VIII (Hurth) - Qualifications of Voters	Rejected by Secretary of State
20-059	04/12/2019	Proposed Constitutional Amendment - Article IV (Miller) - Changes to Missouri HealthNet Program	Rejected by Secretary of State
20-058	04/11/2019	Proposal Related to Chapter 128, RSMo (Lentz) - Change in Missouri Electoral Vote Process	Rejected by Secretary of State
20-057	04/05/2019	Proposed Constitutional Amendment - Article XIV (Pedersen) - Missouri Cannabis Restoration and Protection	Rejected by Secretary of State
20-056	04/04/2019	**Proposal Related to Chapter 558, RSMo (Hayes) - Prison Commitment Terms**	05/06/2019
20-055	04/04/2019	**Proposed Constitutional Amendment - Article I (Reed) - Daylight Saving Time**	05/06/2019
20-054	03/26/2019	**Proposed Constitutional Amendment - Article VI (Pieper) - Creation of The Metropolitan City of St. Louis**	Withdrawn by Petitioner 05/06/19
20-053	03/22/2019	**Proposal Related to Chapter 208, RSMo (Miller) - Changes to Missouri HealthNet Program**	04/22/2019
20-052	03/22/2019	Proposed Constitutional Amendment - Article IV (Miller) - Changes to Missouri HealthNet Program	Rejected by Secretary of State
20-051	03/22/2019	Proposed Constitutional Amendment - Article XVI (Pedersen) - Missouri Cannabis Restoration and Protection	Rejected by Secretary of State
20-050	03/18/2019	Proposed Constitutional Amendment (Johnson) - Honest Government Amendment	Rejected by Secretary of State
20-049	03/18/2019	**Proposal Related to Chapters 286 and 143, RSMo (Apple) - The Renewable Energy Project**	04/19/2019
20-048	03/08/2019	**Proposal Related to Chapters 286 and 143, RSMo (Apple) - The Renewable Energy Project**	04/08/2019

20-047	03/05/2019	Proposal Related to Chapters 286 and 143, RSMo (Apple) - The Renewable Energy Project	Withdrawn by Petitioner 03/04/19
20-046	02/22/2019	**Proposed Constitutional Amendment - Article III, version 2 (Apple) - Election Reform**	03/25/2019
20-045	02/22/2019	Proposed Constitutional Amendment - Article III, version 1 (Apple) - Election Reform	Withdrawn by Petitioner 03/11/19
20-044	02/15/2019	Proposed Constitutional Amendment - Article III, version 2 (Apple) - Election Reform	Withdrawn by Petitioner 02/22/19
20-043	02/15/2019	Proposed Constitutional Amendment - Article III, version 1 (Apple) - Election Reform	Withdrawn by Petitioner 02/22/19
20-042	02/13/2019	**Proposed Constitutional Amendment - Article VI (Pieper) - Creation of The Metropolitan City of St. Louis**	Withdrawn by Petitioner 03/25/19
20-041	02/01/2019	Proposed Constitutional Amendment - Article III (Apple) - Election Reform	Rejected by Secretary of State
20-040	01/31/2019	Proposed Constitutional Amendment - Article III (Apple) - Election Reform	Rejected by Secretary of State
20-039	01/29/2019	Proposed Constitutional Amendment - Article VI (Pieper) - Creation of The Metropolitan City of St. Louis	Withdrawn by Petitioner 02/08/19
20-038	01/22/2019	**Proposed Constitutional Amendment - Article X (Combs) - Elimination of Personal Property Tax**	02/22/2019
20-037	01/11/2019	Proposed Constitutional Amendment (McRoberts) - Female Only Miranda Rights	Rejected by Secretary of State
20-036	01/10/2019	Proposed Constitutional Amendment (McRoberts) - Female Only Miranda Rights	Rejected by Secretary of State
20-035	01/08/2019	Proposed Constitutional Amendment - Article III, version 2 (Apple) - Election Reform	Rejected by Secretary of State
20-034	01/08/2019	Proposed Constitutional Amendment - Article III, version 1 (Apple) - Election Reform	Rejected by Secretary of State
20-033	01/07/2019	Proposed Statutory Amendment - Chapter 558, RSMo (Hayes) - Prison Commitment Terms	Rejected by Secretary of State
20-032	01/07/2019	**Proposed Constitutional Amendment - Article III (Johnson) - Initiative Petitions**	02/07/2019
20-031	01/07/2019	Proposal Related to Chapter 320, RSMo (Brown) - Fire Department Identification Numbers	Rejected by Secretary of State
20-030	01/02/2019	**Proposed Constitutional Amendment - Article III (Johnson) - Initiative Petitions**	01/31/2019
20-029	01/02/2019	Proposed Constitutional Amendment - Article X (Combs) - Elimination of Personal Property Tax	Rejected by Secretary of State
20-028	12/31/2018	Proposed Statutory Amendment - Chapter 115, RSMo (Peterson) - Vote By Mail	Rejected by Secretary of State
20-027	12/27/2018	**Proposed Statutory Amendment - Chapter 208, RSMo (Peterson) - Changes to Missouri HealthNet Program**	01/28/2019
20-026	12/27/2018	**Proposed Statutory Amendment - Chapter 147, RSMo (Peterson) - Changes to Annual Franchise Tax**	01/28/2019
20-025	12/27/2018	**Proposed Constitutional Amendment - Article III**	01/28/2019

		(Johnson) - Initiative Petitions	
20-024	12/27/2018	**Proposed Constitutional Amendment - Article V, version 2 (Thomas) - Election of Judges**	01/28/2019
20-023	12/27/2018	**Proposed Constitutional Amendment - Article V, version 1 (Thomas) - Election of Judges**	01/28/2019
20-022	12/27/2018	**Proposed Constitutional Amendment - Article XIV, sections 1-5 (Thomas) - Union Abuse Prevention Amendment**	01/28/2019
20-021	12/27/2018	**Proposed Constitutional Amendment - Article XIV, section 1 (Thomas) - Right to Remember Amendment**	01/28/2019
20-020	12/27/2018	**Proposed Constitutional Amendment - Article VI (Thomas) - Immigration and Customs Enforcement**	01/28/2019
20-019	12/27/2018	**Proposed Constitutional Amendment - Article I (Thomas) - Collective Bargaining**	01/28/2019
20-018	12/17/2018	Proposed Constitutional Amendment - Article III (Apple) - Election Reform	Rejected by Secretary of State
20-017	12/11/2018	Proposed Constitutional Amendment - Article III (Apple) - Election Reform	Withdrawn by Petitioner 12/17/18
20-016	12/11/2018	Proposal Related to Chapter 590, RSMo (Brown) - Security Advisor Law	Rejected by Secretary of State
20-015	12/07/2018	**Proposed Constitutional Amendment - Article I, version 4 (Louis) - Collective Bargaining**	01/02/2019
20-014	12/07/2018	**Proposed Constitutional Amendment - Article I, version 3 (Louis) - Collective Bargaining**	01/02/2019
20-013	12/07/2018	**Proposed Constitutional Amendment - Article I, version 2 (Louis) - Collective Bargaining**	01/02/2019
20-012	12/07/2018	**Proposed Constitutional Amendment - Article I, version 1 (Louis) - Collective Bargaining**	01/02/2019
20-011	12/05/2018	Proposed Constitutional Amendment - Article III (Johnson) - Initiative Petitions	Rejected by Secretary of State
20-010	12/04/2018	Proposed Constitutional Amendment - Article III (Johnson) - Initiative Petitions	Withdrawn by Petitioner 12/13/18
20-009	12/03/2018	Proposal Related to Chapter 208, RSMo (Peterson) - Changes to the Missouri HealthNet Program	Rejected by Secretary of State
20-008	12/03/2018	Proposal Related to Chapter 147, RSMo (Peterson) - Changes to Annual Franchise Tax	Rejected by Secretary of State
20-007	11/26/2018	Proposed Constitutional Amendment (McRoberts) - Female Only Clause to Miranda Rights	Rejected by Secretary of State
20-006	11/20/2018	Proposed Constitutional Amendment - Article III (Johnson) - Initiative Petitions	Rejected by Secretary of State
20-005	11/19/2018	Proposal Related to Chapter 67, RSMo (Brown) - Missouri Community Improvement District Act	Rejected by Secretary of State
20-004	11/19/2018	Proposed Constitutional Amendment - Article III (Johnson) - Initiative Petitions	Rejected by Secretary of State
20-003	11/16/2018	Proposed Constitutional Amendment - Article III (Johnson) - Initiative Petitions	Withdrawn by Petitioner
20-002	11/14/2018	Proposal Related to Chapter 208, RSMo (Peterson) -	Rejected by Secretary of State

		Changes to the Missouri HealthNet Program	
20-001	11/14/2018	Proposal Related to Chapter 147, RSMo (Peterson) - Changes to Annual Franchise Tax	Rejected by Secretary of State

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

May 27, 2020

RECEIVED
MAY 28 2020
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Fiscal Note and Fiscal Note Summary Request for Senate Substitute No. 3 for Senate Joint Resolution No. 38

Dear Ms. Galloway:

Enclosed please find a copy of Senate Substitute No. 3 for Senate Joint Resolution No. 38 that was received by our office.

We are referring the enclosed joint resolution to you for the purposes of preparing a fiscal note and fiscal note summary in accordance with Sections 116.160.1, 116.170 and 116.175, RSMo. As you are aware, the fiscal note and fiscal note summary are required to be forwarded by you to our office within thirty days of receipt of the joint resolution, pursuant to Section 116.170, RSMo.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft
Secretary of State

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

SECOND REGULAR SESSION

[TRULY AGREED TO AND FINALLY PASSED]

SENATE SUBSTITUTE NO. 3 FOR

SENATE JOINT RESOLUTION NO. 38

100TH GENERAL ASSEMBLY

2020

4110S.08T

JOINT RESOLUTION

Submitting to the qualified voters of Missouri, an amendment repealing sections 2, 3, and 7 of article III of the Constitution of Missouri, and adopting three new sections in lieu thereof relating to regulating the legislature to limit the influence of partisan or other special interests.

Be it resolved by the Senate, the House of Representatives concurring therein:

That at the next general election to be held in the state of Missouri, on Tuesday next following the first Monday in November, 2020, or at a special election to be called by the governor for that purpose, there is hereby submitted to the qualified voters of this state, for adoption or rejection, the following amendment to article III of the Constitution of the state of Missouri:

Section A. Sections 2, 3, and 7, article III, Constitution of Missouri, are repealed and three new sections adopted in lieu thereof, to be known as sections 2, 3, and 7, to read as follows:

Section 2. (a) After December 6, 2018, no person serving as a member of or employed by the general assembly shall act or serve as a paid lobbyist, register as a paid lobbyist, or solicit prospective employers or clients to represent as a paid lobbyist during the time of such service until the expiration of two calendar years after the conclusion of the session of the general assembly in which the member or employee last served and where such service was after December 6, 2018.

(b) No person serving as a member of or employed by the general assembly shall accept directly or indirectly a gift of any tangible or intangible item, service, or thing of value from any paid lobbyist or lobbyist principal **[**in excess of five dollars per occurrence**]**. This Article shall not prevent candidates

EXPLANATION–Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

for the general assembly, including candidates for reelection, or candidates for offices within the senate or house from accepting campaign contributions consistent with this Article and applicable campaign finance law. Nothing in this section shall prevent individuals from receiving gifts, family support or anything of value from those related to them within the fourth degree by blood or marriage. [The dollar limitations of this section shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency, and rounded to the nearest dollar amount.]

(c) The general assembly shall make no law authorizing unlimited campaign contributions to candidates for the general assembly, nor any law that circumvents the contribution limits contained in this Constitution. In addition to other campaign contribution limitations or restrictions provided for by law, the amount of contributions made to or accepted by any candidate or candidate committee from any person other than the candidate in any one election [for the general assembly] **to the office of state representative or state senator** shall not exceed the following:

(1) To elect an individual to the office of state senator, two thousand [five] **four** hundred dollars; and

(2) To elect an individual to the office of state representative, two thousand dollars.

The contribution limits and other restrictions of this section shall also apply to any person exploring a candidacy for [a public office listed in this subsection] **the office of state representative or state senator.**

[For purposes of this subsection, "base year amount" shall be the contribution limits prescribed in this section. Contribution limits set forth herein shall be adjusted on the first day of January in each even-numbered year hereafter by multiplying the base year amount by the cumulative Consumer Price Index and rounded to the nearest dollar amount, for all years after 2018.]

(d) No contribution to a candidate for legislative office shall be made or accepted, directly or indirectly, in a fictitious name, in the name of another person, or by or through another person in such a manner as to, or with the intent to, conceal the identity of the actual source of the contribution. There shall be a rebuttable presumption that a contribution to a candidate for public office is made or accepted with the intent to circumvent the limitations on contributions

imposed in this section when a contribution is received from a committee or organization that is primarily funded by a single person, individual, or other committee that has already reached its contribution limit under any law relating to contribution limitations. A committee or organization shall be deemed to be primarily funded by a single person, individual, or other committee when the committee or organization receives more than fifty percent of its annual funding from that single person, individual, or other committee.

(e) In no circumstance shall a candidate be found to have violated limits on acceptance of contributions if the Missouri ethics commission, its successor agency, or a court determines that a candidate has taken no action to indicate acceptance of or acquiescence to the making of an expenditure that is deemed a contribution pursuant to this section.

(f) No candidate shall accept contributions from any federal political action committee unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

Section 3. (a) [There is hereby established the post of "Nonpartisan State Demographer". The nonpartisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing legislative redistricting maps on the basis of each federal census for presentation to the house apportionment commission and the senatorial apportionment commission.

(b) The nonpartisan state demographer shall be selected through the following process. First, state residents may apply for selection to the state auditor using an application developed by the state auditor to determine an applicant's qualifications and expertise relevant to the position. Second, the state auditor shall deliver to the majority leader and minority leader of the senate a list of at least three applicants with sufficient expertise and qualifications, as determined by the state auditor, to perform the duties of the nonpartisan state demographer. Third, if the majority leader and minority leader of the senate together agree that a specific applicant should be selected to be the nonpartisan state demographer, that applicant shall be selected and the selection process shall cease. Fourth, if the majority leader and minority leader of the senate cannot together agree on an applicant, they may each remove a number of applicants on the state auditor's list equal to one-third of the total number of applicants on that list, rounded down to the next integer, and the state auditor shall then conduct a random lottery of the applicants remaining after removal to select the nonpartisan state demographer. The state auditor shall prescribe a time frame

and deadlines for this application and selection process that both encourages numerous qualified applicants and avoids delay in selection. The nonpartisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the nonpartisan state demographer position, an individual shall not have served in a partisan, elected position for four years prior to the appointment. The nonpartisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent legislative redistricting map to the house apportionment commission or the senatorial apportionment commission.

(c)] The house of representatives shall consist of one hundred sixty-three members elected at each general election and [apportioned] **redistricted** as provided in this section.

[(1)] **(b)** [Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the nonpartisan state demographer] **The house independent bipartisan citizens commission** shall [begin the preparation of legislative districting plans and maps] **redistrict the house of representatives** using the following methods, listed in order of priority:

[a.] **(1)** Districts shall be [established on the basis of total] **as nearly equal as practicable in** population[. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census], **and shall be drawn on the basis of one person, one vote. Districts are as nearly equal as practicable in population if no district deviates by more than one percent from the ideal population of the district, as measured by dividing the number of districts into the statewide population data being used, except that a district may deviate by up to three percent if necessary to follow political subdivision lines consistent with subdivision (4) of this subsection;**

[b.] **(2)** Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as

amended). [Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.] **The following principles shall take precedence over any other part of this constitution: no district shall be drawn in a manner which results in a denial or abridgment of the right of any citizen of the United States to vote on account of race or color; and no district shall be drawn such that members of any community of citizens protected by the preceding clause have less opportunity than other members of the electorate to participate in the political process and to elect representatives of their choice;**

[Districts shall be designed in a manner that achieves both partisan fairness and, secondarily, competitiveness. "Partisan fairness" means that parties shall be able to translate their popular support into legislative representation with approximately equal efficiency. "Competitiveness" means that parties' legislative representation shall be substantially and similarly responsive to shifts in the electorate's preferences.

To this end, the nonpartisan state demographer shall calculate the average electoral performance of the two parties receiving the most votes in the three preceding elections for governor, for United States Senate, and for President of the United States. This index shall be defined as the total votes received by each party in the three preceding elections for governor, for United States Senate, and for President of the United States, divided by the total votes cast for both parties in these elections. Using this index, the nonpartisan state demographer shall calculate the total number of wasted votes for each party, summing across all of the districts in the plan. "Wasted votes" are votes cast for a losing candidate or for a winning candidate in excess of the fifty percent threshold needed for victory. In any plan of apportionment and map of the proposed districts submitted to the respective apportionment commission, the nonpartisan state demographer shall ensure the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

To promote competitiveness, the nonpartisan state demographer shall use the electoral performance index to simulate elections in which the hypothetical statewide vote shifts by one percent, two percent, three percent, four percent, and

five percent in favor of each party. The vote in each individual district shall be assumed to shift by the same amount as the statewide vote. The nonpartisan state demographer shall ensure that, in each of these simulated elections, the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable;

c.] **(3)** Subject to the requirements of [paragraphs a. and b. of this subdivision] **subdivisions (1) and (2) of this subsection**, districts shall be composed of contiguous territory **as compact as may be**. Areas which meet only at the points of adjoining corners are not contiguous. **In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries;**

[d.] **(4)** To the extent consistent with [paragraphs a. to c. of this subdivision, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county] **subdivisions (1) to (3) of this subsection, communities shall be preserved. Districts shall satisfy this requirement if district lines follow political subdivision lines to the extent possible, using the following criteria, in order of priority. First, each county shall wholly contain as many districts as its population allows. Second, if a county wholly contains one or more districts, the remaining population shall be wholly joined in a single district made up of population from outside the county. If a county does not wholly contain a district, then no more than two segments of a county shall be combined with an adjoining county. Third, split counties and county segments, defined as any part of the county that is in a district not wholly within that county, shall each be as few as possible. Fourth, as few municipal lines shall be crossed as possible;**

[e. Preference shall be that districts are compact in form, but the standards established by paragraphs a. to d. of this subdivision take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.]

(5) Districts shall be drawn in a manner that achieves both partisan fairness and, secondarily, competitiveness, but the standards established by subdivisions (1) to (4) of this subsection shall take precedence over partisan fairness and competitiveness. "Partisan fairness" means that parties shall be able to translate their popular support into legislative representation with approximately equal efficiency. "Competitiveness" means that parties' legislative representation shall be substantially and similarly responsive to shifts in the electorate's preferences.

To this end, the average electoral performance of the two political parties receiving the most votes in the three preceding general elections for governor, for United States Senate, and for President of the United States shall be calculated. This index shall be defined as the total votes received by each party in the three preceding general elections for governor, for United States Senate, and for President of the United States, divided by the total votes cast for both parties in these elections. Using this index, the total number of wasted votes for each party, summing across all of the districts in the plan shall be calculated. "Wasted votes" are votes cast for a losing candidate or for a winning candidate in excess of the threshold needed for victory. In any redistricting plan and map of the proposed districts, the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, shall not exceed fifteen percent.

To promote competitiveness, the electoral performance index shall be used to simulate elections in which the hypothetical statewide vote shifts by one percent, two percent, three percent, four percent, and five percent in favor of each party. The vote in each individual district shall be assumed to shift by the same amount as the statewide vote. In each of these simulated elections, the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, shall not exceed fifteen percent.

[(2)**]** **(c)** Within sixty days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a **[**reapportionment**]** **redistricting plan** has been invalidated by a court of competent jurisdiction, within sixty days that such a ruling has been made, **the state committee and** the congressional district **[**committee**]** **committees** of each of the two **political** parties casting the highest vote for governor at the last

preceding **general** election shall meet and the members of [the] **each** committee shall nominate, by a majority vote of the **elected** members of the committee present, provided that a majority of the elected members is present, [two] members of their party, residents in that district, **in the case of a congressional district committee,** as nominees for [reapportionment commissioners] **the house independent bipartisan citizens commission**. [Neither] **No** party shall select more than one nominee from any one state legislative district. The congressional **district** committees shall each submit to the governor their list of **two** elected nominees. **The state committees shall each submit to the governor their list of five elected nominees**. Within thirty days **thereafter,** the governor shall appoint a **house independent bipartisan citizens** commission consisting of one [name] **nominee** from each list **submitted by each congressional district committee and two nominees from each list submitted by each state committee** to [reapportion] **redistrict** the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts. **No person shall be appointed to both the house independent bipartisan citizens commission and the senate independent bipartisan citizens commission during the same redistricting cycle.**

If any [of the congressional committees] **committee** fails to submit a list within such time, the governor shall appoint a member of his **or her** own choice [from that district and] from the political party of the committee failing to [make the appointment] **submit a list, provided that in the case of a congressional district committee failing to submit a list, the person appointed to the commission by the governor shall reside in the congressional district of such committee.**

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final [statement of apportionment] **redistricting plan.**

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were

last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

[(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the nonpartisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.]

(d) The commissioners so selected shall, [within ten days of receiving the tentative plan of apportionment and map of the proposed districts,] **on the fifteenth day, excluding Sundays and state holidays, after all members have been appointed,** meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

[The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the nonpartisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.]

(e) Not later than five months after the appointment of the commission, the commission shall file with the secretary of state a tentative redistricting plan and map of the proposed districts and

during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons. The commission shall make public the tentative redistricting plan and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

(f) Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven-tenths of the members.

(g) After the final statement is filed, members of the house of representatives shall be elected according to such districts until a new redistricting plan is made as provided in this section, except that if the final statement is not filed within six months of the time fixed for the appointment of the commission, the commission shall stand discharged and the house of representatives shall be redistricted using the same methods and criteria as described in subsection (b) of this section by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its redistricting plan and map with the secretary of state within ninety days of the date of the discharge of the house independent bipartisan citizens commission. The judicial commission shall make public the tentative redistricting plan and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map. Thereafter, members of the house of representatives shall be elected according to such districts until a redistricting plan is made as provided in this section.

(h) Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his **or her** actual and necessary expenses incurred while serving as a member of the commission.

(i) No [reapportionment] **redistricting plan** shall be subject to the referendum.

(j) Any action expressly or implicitly alleging that a redistricting plan violates this Constitution, federal law, or the United States Constitution shall be filed in the circuit court of Cole County and shall name the body that approved the challenged redistricting plan as a

defendant. Only an eligible Missouri voter who sustains an individual injury by virtue of residing in a district that exhibits the alleged violation, and whose injury is remedied by a differently drawn district, shall have standing. If the court renders a judgment in which it finds that a completed redistricting plan exhibits the alleged violation, its judgment shall adjust only those districts, and only those parts of district boundaries, necessary to bring the map into compliance. The supreme court shall have exclusive appellate jurisdiction upon the filing of a notice of appeal within ten days after the judgment has become final.

Section 7. (a) [Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the nonpartisan state demographer authorized in Article III, Section 3 shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the house of representatives.

(b)] Within sixty days after the population of this state is reported to the President for each decennial census of the United States, or within sixty days after a [reapportionment] **redistricting plan** has been invalidated by a court of competent jurisdiction, the state committee **and the congressional district committees** of each of the two political parties casting the highest vote for governor at the last preceding **general** election shall[, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and] **meet and the members of each committee shall nominate, by a majority vote of the elected members of the committee present, provided that a majority of the elected members is present, members of their party, residents in that district, in the case of a congressional district committee, as nominees for the senate independent bipartisan citizens commission. No party shall select more than one nominee from any one state legislative district. The congressional district committees shall each submit to the governor their list of two elected nominees. The state committees shall each submit to the governor their list of five elected nominees.** Within thirty days thereafter the governor shall appoint a **senate independent**

bipartisan citizens commission **consisting** of [ten members, five] **two nominees** from each list **submitted by each state committee and one nominee from each list submitted by each congressional district committee**, to [reapportion] **redistrict** the thirty-four senatorial districts and to establish the numbers and boundaries of said districts. **No person shall be appointed to both the house independent bipartisan citizens commission and the senate independent bipartisan citizens commission during the same redistricting cycle.**

If [either of the party committees] **any committee** fails to submit a list within such time, the governor shall appoint [five members] **a member** of his **or her** own choice from the **political** party of the committee [so] failing to [act] **submit a list, provided that in the case of a congressional district committee failing to submit a list, the person appointed to the commission by the governor shall reside in the congressional district of such committee.**

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final [statement of apportionment] **redistricting plan.**

[(c) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the nonpartisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.]

(b) The commissioners so selected shall [within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by this subsection], **on the fifteenth day, excluding Sundays and state holidays, after all members have been appointed,** meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. [The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from

the nonpartisan state demographer provided that such changes are consistent with this section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the house of representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.]

(c) The senate independent bipartisan citizens commission shall redistrict the senate using the same methods and criteria as those required by subsection (b), section 3 of this article for the redistricting of the house of representatives.

(d) Not later than five months after the appointment of the senate independent bipartisan citizens commission, the commission shall file with the secretary of state a tentative redistricting plan and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons. The commission shall make public the tentative redistricting plan and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

(e) Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven-tenths of the members.

(f) After the final statement is filed, senators shall be elected according to such districts until a new redistricting plan is made as provided in this section, except that if the final statement is not filed within six months of the time fixed for the appointment of the commission, the commission shall stand discharged and the senate shall be redistricted using the same methods and criteria as described in subsection (b) of section 3 of this article by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom

shall sign and file its redistricting plan and map with the secretary of state within ninety days of the date of the discharge of the senate independent bipartisan citizens commission. The judicial commission shall make public the tentative redistricting plan and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map. Thereafter, senators shall be elected according to such districts until a redistricting plan is made as provided in this section.

(g) Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his **or her** actual and necessary expenses incurred while serving as a member of the commission.

(h) No **[**reapportionment**]** **redistricting plan** shall be subject to the referendum.

(i) Any action expressly or implicitly alleging that a redistricting plan violates this Constitution, federal law, or the United States Constitution shall be filed in the circuit court of Cole County and shall name the body that approved the challenged redistricting plan as a defendant. Only an eligible Missouri voter who sustains an individual injury by virtue of residing in a district that exhibits the alleged violation, and whose injury is remedied by a differently drawn district, shall have standing. If the court renders a judgment in which it finds that a completed redistricting plan exhibits the alleged violation, its judgment shall adjust only those districts, and only those parts of district boundaries, necessary to bring the map into compliance. The supreme court shall have exclusive appellate jurisdiction upon the filing of a notice of appeal within ten days after the judgment has become final.

Section B. Pursuant to chapter 116, and other applicable constitutional provisions and laws of this state allowing the general assembly to adopt ballot language for the submission of this joint resolution to the voters of this state, the official summary statement of this resolution shall be as follows:

"Shall the Missouri Constitution be amended to:

- Ban all lobbyist gifts to legislators and their employees;
- Reduce legislative campaign contribution limits; and
- Create citizen-led independent bipartisan commissions to

draw state legislative districts based on one person, one vote, minority voter protection, compactness, competitiveness, fairness, and other criteria?"

President of the Senate

Speaker of the House of Representatives

RECEIVED
MAY 27 2020
SECRETARY OF STATE
CAPITOL OFFICE

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-SJR 38)

Subject

Senate Substitute No. 3 for Senate Joint Resolution No. 38. (Received May 28, 2020)

Date

June 17, 2020

Description

This proposal would amend Article III of the Constitution of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Missouri Ethics Commission,** and the **State Auditor's office.**

George Butler provided information to the State Auditor's office.

Rebecca Now, Executive Director, Webster Groves/Shrewsbury/Rock Hill Area Chamber of Commerce provided information to the State Auditor's office.

David Kimball, Professor of Political Science, University of Missouri-St. Louis provided information to the State Auditor's office.

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Len Pagano, Mayor, City of St. Peters provided information to the State Auditor's office.

Jean Dugan, League of Women Voters of Missouri provided information to the State Auditor's office.

David Roberts provided information to the State Auditor's office.

W. Craig Hosmer, Hosmer King & Royce, LLC provided information to the State Auditor's office.

Tommie L. Pierson, Sr. provided information to the State Auditor's office.

Dan Vicuna, National Redistricting Manager, Common Cause provided information to the State Auditor's office.

Barry Greenberg, Mayor, City of Maplewood provided information to the State Auditor's office.

Sean Soendker Nicholson provided information to the State Auditor's office.

Caroline Fan, Chief Strategy Officer, USAKO Group provided information to the State Auditor's office.

Otto Fajen, Legislative Director, Missouri National Education Association provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may be required to request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated no fiscal impact to their department.

Officials from the **Department of Higher Education and Workforce Development** indicated no fiscal impact.

Officials from the **Department of Health and Senior Services** indicated this initiative petition will have no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this Senate Joint Resolution, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated they anticipate no fiscal impact for this fiscal note.

Officials from the **Department of Revenue** indicated no impact.

Officials from the **Department of Public Safety - Office of the Director** indicated no impact for their office.

Officials from the **Department of Social Services** indicated this does not fiscally impact their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this proposal would have no projected fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal amends Article III of the Missouri Constitution by amending Sections 2, 3, and 7.

The proposed amendment would:

- Amend Section 2 by:
  - Disallowing persons that are members of or employed by the General Assembly from accepting gifts from a lobbyist valued at $5 and under;
  - Reducing campaign contributions to Missouri State Senate candidates from $2,500 to $2,400; and
  - Removing inflationary adjustments to campaign contribution limits for Missouri State Senate and House of Representative candidates.

- Amend Section 3 by:
  - Removing language relating to the establishment of the post of non-partisan state demographer; and
  - Creating a House Independent Bipartisan Citizens Commission to redistrict the Missouri House of Representatives and outlining how the redistricting process shall take place.

- Amend Section 7 by:
  - Creating a Senate Independent Bipartisan Citizens Commission to redistrict the Missouri Senate and outlining how the redistricting process shall take place.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Joint Resolutions proposing a constitutional amendment are submitted to a vote of the people at the next general election. Article XII section 2(b) of the Missouri Constitution authorizes the governor to order a special election for constitutional amendments referred to the people. If a special election is called to submit a Joint Resolution to a vote of the people, section 115.063.2 RSMo requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years (FYs) and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated TAFP (Truly Agreed and Finally Passed) Senate Substitute No. 3 for Joint Resolution No. 38 regarding redistricting the House of Representatives and the Senate maps will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for SS No. 3 for SJR No. 38 proposing to amend Article III.

Officials from **Jackson County** indicated:

COUNTY LEGISLATURE
JACKSON COUNTY, MISSOURI

(816) 881-3464
Fax: (816) 881-3340
www.jacksongov.org

CRYSTAL WILLIAMS
2ND DISTRICT AT- LARGE

crystalwilliams@jacksongov.org
415 E. 12th Street, 2nd Floor
Kansas City, Missouri 64106

State Auditor's Office
State Capitol, Rm 121
Jefferson City, MO 65101
fiscalnote@auditor.mo.gov

June 6, 2020

Auditor Galloway:

SJR38 would have a significant fiscal impact on local governments and small businesses in Missouri if the population standard for state legislative maps is changed from using total population to a citizen voting-age population or eligible voter standard.

SJR38 Sponsor Dan Hegeman indicated on the Senate floor on January 29, 2020 that the intention of Section 3(a)(b)(1) in SJR38 (Page 4, Lines 43-54) is to move the state of Missouri away from using total population for state legislative maps, and instead use a new population standard when drawing state legislative plans based on "the people that are able to vote."

Sometimes referred to as a citizen voting-age population (CVAP) standard, such a move would be a radical departure from the standard Missouri has used for at least 145 years. Drawing maps on anything other than the total population of Missouri would also be a departure from current practice in the United States. Right now, every state in America counts everyone for redistricting purposes.

The Census Bureau's 5-Year American Community Survey indicates that 185,665 Jackson County residents[1] — more than 1 in 4 of our neighbors and family members — would lose representation if maps are drawn using an eligible voter standard. Jackson County provides services to everyone in our community, and not counting everyone in Jackson County would have a significant impact on who and how our residents are represented in the General Assembly.

[1] Citizen Voting Age Population Special Tabulation from the 2018 5-Year American Community Survey

Underrepresented constituents receive less funding. This is common sense, and is documented in academic research. See, for instance, research by Stephen Ansolabehere, Alan Gerber and Jim Snyder on the "clear evidence of the political consequences of unequal representation,"[2] and work from Tiberiu Dragu and Jonathan Rodden demonstrating that "overrepresented regions appear to receive substantially larger per capita shares of government expenditure."[3]

Furthermore, testimony provided to the House General Laws Committee during debate on SJR38 made clear that **if Missouri maps are drawn based on the number of eligible voters, instead of the total population, there would be a discriminatory impact on the representation for voters of color.** From that testimony, given by Nimrod Chapel, Jr. of the Missouri NAACP State Conference, and Yurij Rudensky and Ethan Herenstein of the Brennan Center for Justice:

> **Apportioning on the basis of citizen voting age population (CVAP)—or any basis narrower than total population—would be discriminatory.** Apportioning on the basis of CVAP would be discriminatory. The main proponent of CVAP-based apportionment was Thomas Hofeller, the architect behind racially discriminatory maps in North Carolina, Texas, Virginia, and other states, who explained in a memo made public after his death that apportioning on the basis of CVAP would be "advantageous to Republicans and Non-Hispanic whites."[4] Research proves that to be true in Missouri as well.
>
> Over 90 percent of the people excluded from Missouri's apportionment base under CVAP apportionment would be citizen children. Missouri's citizen children are not evenly distributed across the state—in fact, Missouri's communities of color skew younger than their white counterparts. As a result, these minority communities would suffer disproportionate representational losses if citizen children were excluded from the apportionment base.
>
> For white communities, only 21 percent of their population is under eighteen years of age. But households in Black and Latino communities tend to include

[2] Ansolabehere, S., Gerber, A., & Snyder, J. (2002). Equal Votes, Equal Money: Court-Ordered Redistricting and Public Expenditures in the American States. American Political Science Review, 96(4), 767-777. doi:10.1017/S0003055402000448

[3] Dragu, T., & Rodden, J. (2011). Representation and redistribution in federations. Proceedings of the National Academy of Sciences of the United States of America, 108(21), 8601–8604. https://doi.org/10.1073/pnas.1019061108

[4] *See* Exhibit D to Letter Motion to Compel Defendants to Show Cause, New York v.U.S. Dep't of Commerce, No. 18-cv-2921 (S.D.N.Y. May 31, 2019), ECF No. 595-1.

> more children, with 26.7 percent and 37 percent of their respective populations aged under eighteen. In other words, more than a quarter of Missouri's Black community and more than a third of the state's Latino community simply would not count under a CVAP-based apportionment.

Furthermore, from the same public testimony:

> [The voter-approved redistricting system in 2018's] Amendment 1 offers robust protections for communities of color in the redistricting process. Beyond those contained in the Voting Rights Act, Amendment 1 provides independent state-law protections that protect minority communities' ability to participate in the political process and elect their representatives of choice. While SJR 38 would retain some state-level protections, it significantly weakens them by eliminating Amendment 1's prohibition against making it harder for communities of color to elect representatives of their choice and its protection of coalitional districts where different communities can combine their voting strength. As a result, SJR 38 would leave minority communities more vulnerable during the redistricting process.

If SJR38 is fully implemented as intended by Sen. Hegeman, we should expect a significant impact on Missouri's small businesses and local government revenues, due to the dramatic change in who is represented, and due to the inevitable decline in economic activity that would come from the public outcry after passage and implementation of such a discriminatory redistricting system.

The Associated Press determined in 2017 that North Carolina's discriminatory House Bill 2 would cost the state more than $3.76 billion in lost economic activity[5] over a dozen years because of a strong public response to the law. Arizona lost significant economic activity after its state legislature passed a controversial immigration bill. One study[6] "found a $141 million hit to the convention and tourism industry in the four months after" the controversial law was signed.

If economic and tourist activity is depressed by even 5% because of a boycott, we would see a drop of approximately $2,500,000 in sales tax revenue or $5,000,000 over two fiscal years. Jackson County municipalities would also expect to see reduced sales and lodging taxes and may lose employers to other states if Missouri's reputation is harmed by discriminatory laws.

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[5] Dalesio, E. and Drew, J. Price tag of North Carolina's LGBT law: $3.76B. Associated Press, March 27, 2017. https://apnews.com/fa4528580f3e4a01bb68bcb272f1f0f8

[6] Peralta, E. In Wake Of Immigration Law, Boycott Cost Arizona Millions. National Public Radio, November 18, 2010.

The fiscal impact of SJR38 would be significant for local governments, small businesses, and state revenues if any population standard other than total population is used for state legislative maps. We estimate the total fiscal impact on the Jackson County budget to be between $5,000,000 and an unknown amount.

Thank you for your attention to this submission.

Respectfully,

Crystal Williams

Jackson County Legislator
Second District At-Large
415 East 12th Street
Kansas City, MO 64106
816-881-3464 (p)
816-8813340 (f)
crystalwilliams@jacksongov.org

Officials from **St. Louis County** indicated:

OFFICE OF THE COUNTY EXECUTIVE
SAINT LOUIS COUNTY
41 SOUTH CENTRAL AVENUE
SAINT LOUIS, MISSOURI 63105

SAM PAGE
COUNTY EXECUTIVE

June 5, 2020

(314) 615-7016

State Auditor's Office
State Capitol, Rm 121
Jefferson City, MO 65101
fiscalnote@auditor.mo.gov

Auditor Galloway:

With a population of 996,726, St. Louis County is the largest county in Missouri, comprising 16% of the state's population, and is the 43 largest county in the United States. St. Louis County is also an important employment center with approximately half of all the metropolitan area's jobs and one quarter of all jobs in Missouri. St. Louis County's 88 municipalities have primary responsibility within their jurisdictions for services such as public safety, planning and zoning, local street maintenance and building code enforcement. The unincorporated area, which contains nearly one-third of the county's population comes under the direct jurisdiction of county government. St. Louis County provides a wide range of services falling within three categories: 1) county-wide services, which are available on an equal basis to all residents of St. Louis County; 2) services to unincorporated areas; and 3) services to incorporated areas by contractual agreement. These services include health care and public health, human services, police and public safety, judicial and justice services, parks and recreation, planning and zoning, tax assessment, public works, environmental health, and election administration.

Not counting everyone in St. Louis County – as contemplated in SJR38 – would significantly affect who and how our residents are represented in the Missouri General Assembly and would have a substantial fiscal impact on local governments and small businesses. The Census Bureau's 5-Year American Community Survey indicates that 252,445 St. Louis County residents — more than 1 in 4 of our neighbors — stand to lose representation if maps are drawn using an eligible voter standard as proposed in SJR38.

SJR38 aims to change the current population standard for drawing state legislative maps from using total population to eligible voter population, sometimes referred to as a citizen voting-age population (CVAP) standard. On January 29, 2020, SJR38 Sponsor Senator Dan Hegeman indicated on the Senate floor that the intent of Section 3(a)(b)(1) in SJR38 (Page 4, Lines 43-54) is to move the state of Missouri away from using total population for drawing state legislative maps, and instead use a new population standard based on "the people that are able to vote."

Such a move would constitute a radical departure from how Missouri has drawn maps for at least 145 years. Drawing maps based on anything other than the total population of Missouri would also be a departure from current practice in the United States. Right now, every state in America counts everyone for redistricting purposes.

Testimony provided to the House General Laws Committee during debate on SJR38 made clear that if Missouri maps are drawn based on the number of eligible voters, instead of the total population, there would be a discriminatory impact on the representation for voters of color. According to testimony provided by
Nimrod Chapel, Jr. of the Missouri NAACP State Conference and Yurij Rudensky and Ethan Herenstein of the Brennan Center for Justice, SJR 38 would have the following consequences:

- Apportioning on the basis of CVAP would be discriminatory. The main proponent of CVAP-based apportionment was Thomas Hofeller, the architect behind racially discriminatory maps in North Carolina, Texas, Virginia, and other states, who explained in a memo made public after his death that apportioning on the basis of CVAP would be "advantageous to Republicans and Non-Hispanic whites." Research proves that to be true in Missouri as well.

- Over 90 percent of the people excluded under CVAP apportionment would be citizen children. Missouri's citizen children are not evenly distributed across the state—in fact, Missouri's communities of color skew younger than their white counterparts. As a result, these minority communities would suffer disproportionate representational losses if citizen children were excluded from the apportionment base.

- For white communities, only 21 percent of their population is under eighteen years of age. But households in Black and Latino communities tend to include more children, with 26.7 percent and 37 percent of their respective populations aged under eighteen. In other words, more than a quarter of Missouri's Black community and more than a third of the state's Latino community simply would not count under a CVAP-based apportionment.

- The voter-approved redistricting system in 2018's] Amendment 1 offers robust protections for communities of color in the redistricting process. Beyond those contained in the Voting Rights Act, Amendment 1 provides independent state-law protections that protect minority communities' ability to participate in the political process and elect their representatives of choice. While SJR 38 would retain some state-level protections, it significantly weakens them by eliminating Amendment 1's prohibition against making it harder for communities of color to elect representatives of their choice and its protection of coalitional districts where different communities can combine their voting strength. As a result, SJR 38 would leave minority communities more vulnerable during the redistricting process.

If SJR38 is fully implemented as intended, we should expect a significant impact on Missouri's small businesses and local government revenues, due to the dramatic change in who is represented, and due to the foreseeable decline in economic activity resulting from passing and implementing such a discriminatory redistricting system. The Associated Press determined in 2017 that North Carolina's discriminatory House Bill 2 would cost the state more than $3.76 billion in lost business over a dozen years because of a strong public response to the law. Arizona lost significant economic activity after its state legislature passed a controversial immigration bill. One study "found a $141 million hit to the convention and tourism industry in the four months after" the controversial law was signed. St. Louis County and the 88 municipalities within the county would also expect to see reduced sales and lodging taxes, and may lose employers to other states if Missouri's reputation is harmed by discriminatory laws.

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If any population standard other than total population is used for drawing state legislative maps, the fiscal impact of SJR38 would be devastating for local governments, small businesses, and state revenues.

Thank you for your attention to this submission.

Respectfully,

Sam Page

Officials from the **City of Columbia** indicated concern about the significant fiscal impact Senate Joint Resolution 38 would have on the local government and small businesses of Columbia. They are specifically concerned about Section 3(a)(b)(1) in SJR 38 (Page 4, Lines 43-54) which would change the population standard for state legislative maps away from using total population to a citizen voting-age population or eligible voter standard.

Using a citizen voting-age population (CVAP) standard would be a radical departure from the standard Missouri has used for at least 145 years. Drawing maps on anything other than the total population of Missouri would also be a departure from current practice in the United States. Right now, every state in America counts everyone for redistricting purposes.

When the Mayor announced the Columbia/Boone County Complete Count Census Committee in November 2019, he said "Data drives our democracy. Data drives decisions." The Census Bureau's 5-Year American Community Survey indicates that 27,675 Columbia residents — almost 1 in 4 of their community members — would lose representation if maps are drawn using an eligible voter standard. In the Columbia School District, 35,259 children and residents would not count.

Columbia provides services to everyone in their community, and not counting everyone in their community would have a significant impact on how their residents are represented in the General Assembly. Only counting eligible voters in legislative redistricting would dilute the representation of Columbia. Simply put, underrepresented constituents receive less funding. Studies show that "overrepresented regions appear to receive substantially larger per capita shares of government expenditure."[1] If their residents are not properly represented, they would expect a significant impact on their local budgets as well as higher education funding.

And for a city with the flagship University of Missouri-Columbia, SJR 38 would dramatically underrepresent international students and visiting scholars. The discriminatory impact SJR 38 would have on the representation for voters of color could have a significant impact on Missouri's small businesses and local government revenues. Due to the dramatic change in who is represented, and the inevitable decline in economic activity that would come from the public outcry after passage and implementation of such a discriminatory redistricting system, the lost economic activity for a City like Columbia would be significant.

In 2017, the Associated Press determined North Carolina's discriminatory, anti-LGBT House Bill 2 would cost the state more than $3.76 billion in lost economic activity[2] over a dozen years because of a strong public response to the law. Arizona lost significant economic activity after its state legislature passed a controversial immigration bill. One

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[1] Dragu, T., & Rodden, J. (2011). Representation and redistribution in federations. Proceedings of the National Academy of Sciences of the United States of America, 108(21), 8601–8604. https://doi.org/10.1073/pnas.1019061108

[2] Dalesio, E. and Drew, J. Price tag of North Carolina's LGBT law: $3.76B. Associated Press, March 27, 2017. https://apnews.com/fa4528580f3e4a01bb68bcb272f1f0f8

study[3]"found a $141 million hit to the convention and tourism industry in the four months after" the controversial law was signed.

If local economic and tourist activity is depressed because of a boycott, they would foresee a significant impact on economic activity for small businesses, and a significant impact on sales tax and lodging tax revenue for the City of Columbia.

In April 2018, the Columbia City Council adopted a Statement of Community Principals to "*reject all forms of prejudice and discrimination, including those based on age, color, diverse ability, gender, gender identity, gender expression, national origin, political affiliation, race, religion, sexual orientation, and veteran status. We take individual and collective responsibility for helping to eliminate bias, and discrimination and for increasing our own understanding of these issues through education, training, and interaction with others.*"

Drawing maps on anything other than the total population of Missouri as proposed by SJR 38 is contrary to these values and would perpetuate inequities and discrimination that would have a significant fiscal impact on their constituents and the City of Columbia.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **City of St. Louis** indicated:

[3] Peralta, E. In Wake Of Immigration Law, Boycott Cost Arizona Millions. National Public Radio, November 18, 2010.

OFFICE OF THE MAYOR
CITY OF ST. LOUIS
MISSOURI

LYDA KREWSON
MAYOR

CITY HALL - ROOM 200
1200 MARKET STREET
SAINT LOUIS, MISSOURI 63103-2877
(314) 622-3201
FAX: (314) 622-4061
KREWSONL@STLOUIS-MO.GOV

June 8, 2020

State Auditor's Office
State Capitol, Rm 121
Jefferson City, MO 65101
fiscalnote@auditor.mo.gov

Re: SRJ38

Auditor Galloway:

SJR38 would have a significant fiscal impact on local governments and small businesses in Missouri if the population standard for state legislative maps is changed from using total population to a citizen voting-age population or eligible voter standard.

SJR38 Sponsor Dan Hegeman indicated on the Senate floor on January 29, 2020 that the intention of Section 3(a)(b)(1) in SJR38 (Page 4, Lines 43-54) is to move the state of Missouri away from using total population for state legislative maps, and instead use a new population standard when drawing state legislative plans based on "the people that are able to vote."

Sometimes referred to as a citizen voting-age population (CVAP) standard, such a move would be a radical departure from how Missouri has drawn maps for at least 145 years. Drawing maps on anything other than the total population of Missouri would also be a departure from current practice in the United States. Right now, every state in America counts everyone for redistricting purposes.

The Census Bureau's 5-Year American Community Survey indicates that 71,670 St. Louis City residents — almost 1 in 4 individuals — would lose representation if maps are drawn using an eligible voter standard.

The City of St. Louis provides services to everyone in our community, and not counting everyone in St. Louis would have a significant impact on who and how our residents are represented in the General Assembly.

Also, testimony provided to the General Assembly in the House General Laws Committee made clear that if Missouri maps are drawn based on the number of eligible voters, instead of the total population, there would be a discriminatory impact on the representation for voters of color. We should expect a significant impact on Missouri's small businesses, the local economy, local sales taxes, local lodging taxes, and state income taxes if maps are drawn in discriminatory way that disproportionately impacts Missourians of color.

The Associated Press determined in 2017 that North Carolina's discriminatory House Bill 2 would cost the state more than $3.76 billion in lost business over a dozen years because of a strong public response to the law. [Source: Associated Press, March 27, 2017]. Arizona lost significant economic activity after its state legislature passed a controversial immigration bill. One study "found a $141 million hit to the convention and tourism industry in the four months after" the controversial law was signed [Associated Press, November 19, 2010; NPR, November 18, 2010; East Valley Tribune, April 21, 2011].

Based on the experience of other states after the passage of similar measures, we estimate our local economy could see a drop of as much as one-third of our sales tax revenue. That doesn't take into account lower property values or the possibility of losing employers to other states if Missouri's reputation is harmed by discriminatory laws.

The fiscal impact of SJR38 would be significant for local governments, small businesses, and state revenues if any population standard other than total population is used for state legislative maps.

Thank you for your attention to this submission.

Respectfully,

Lyda Krewson
Mayor, City of St. Louis

Officials from the **Missouri Ethics Commission** indicated the proposed legislation does not have fiscal impact on their Commission. It is assumed this prohibition would result in a minimal number of complaints; however, if this assumption is incorrect the Commission may require additional staff resources.

Officials from the **State Auditor's office** indicated implementation of SJR 38 would have no fiscal impact on their office.

George Butler provided the following information:

SJR38 presents a radical change to Missouri voters that could fundamentally alter who is represented in their state legislature, and would significantly impact the representation of every community in Missouri.

Senator Dan Hegeman, sponsor of SJR38, was explicit (https://www.youtube.com/watch?v=Lzsa5wrSgmo) in Senate debate that one goal of SJR38 language is to have future legislative maps drawn based on the number of eligible voters, not the total population. This would have a profound and discriminatory impact on Missouri communities and Missouri families.

The Constitutional requirement for the USA Census is to count ALL PERSONS residing in the various states, it says nothing about citizens other than American Indians & Slaves, who were not considered citizens, but the slaves were counted and included at a ratio of 3/5ths of a person. Yet they were not considered citizens.

The people of Missouri voted to pass the Amendment in 2019 to revise how Missouri allocated Congressional & State Districts, why is the legislature being allowed to try to overturn this citizen initiated & voted on Amendment?

Rebecca Now, Executive Director, Webster Groves/Shrewsbury/Rock Hill Area Chamber of Commerce provided the following information:

The language of the bill SJR 38 will present a significant negative economic impact to the communities the Chamber of Commerce serves, as it will hurt their families and their small businesses.

The dollar amount is not currently quantifiable, but they have a number of families with children under 18 and the entire population deserves representation.

David Kimball, Professor of Political Science, University of Missouri-St. Louis provided the following information:

I am concerned that SJR38 would have a significant fiscal impact on local governments in Missouri. SJR38 removes the requirement in the state constitution that legislative districts be drawn on the basis of total population, meaning that children and non-citizens (roughly 1.5 million Missouri residents) would not count in the redistricting process. Changing the population criteria for redistricting in Missouri would cause a disproportionate loss in

representation in the legislature for certain parts of the state, where a large majority of children and non-citizens reside.

A loss of representation in the legislature leads to a decline in state funding for affected counties and municipalities. This happened in the United States before court decisions in the 1960s required legislative districts to be equal in population. Prior to the court rulings many states, including Missouri, had malapportioned legislatures with districts of vastly different populations. In malapportioned legislatures "rotten boroughs" (districts with relatively few residents) received a disproportionate share of state funding (Ansolabehere, Gerber, and Snyder 2003). After court rulings forced districts to be drawn with equal total population then state funding was distributed equally to local counties based on population (Ansolabehere and Snyder 2008). More generally, areas that lose representation in legislative bodies are at a disadvantage in the distribution of government resources (Dragu and Rodden 2011; Elis, Malhotra, and Meredith 2009). The potential for unequal distribution of government resources is exacerbated in states like Missouri, where legislators are elected from single member districts (Snyder and Ueda 2007). If SJR38 moves Missouri away from drawing legislative districts on the basis of total population then that will have a significant fiscal impact on local governments in Missouri.

References

Ansolabehere, Stephen, Alan Gerber, and Jim Snyder. 2003. “Equal Votes, Equal Money: Court-Ordered Redistricting and Public Expenditures in the American States.” *American Political Science Review* 96:767-777.

Ansolabehere, Stephen, and James M. Snyder, Jr. 2008. *The End of Inequality: One Person, One Vote and the Transformation of American Politics*. New York: Norton.

Dragu, Tiberiu, and Jonathan Rodden. 2011. “Representation and Redistribution in Federations.” *PNAS* 108 (21):8601-8604.

Elis, Roy, Neil Malhotra, and Marc Meredith. 2009. “Apportionment Cycles as Natural Experiments.” *Political Analysis* 17:358-376.

Snyder, Jim, and Michiko Ueda. 2007. “Do Multimember Districts Lead to Free-Riding?” *Legislative Studies Quarterly* 32:649-679.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
4 June 2020

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

RE: SJR38, aka "Missouri Lobbying, Campaign Finance, and Redistricting Amendment"

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the proposed Amendment to the Missouri Constitution as per SJR38 known as the "Missouri Lobbying, Campaign Finance, and Redistricting Amendment." Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so. Below, we will show an error in the calculations on the Fiscal Note for SJR38 and four main ways that this amendment would cause significant short- and long-term damage to the fiscal health of the state budget and the overall health of the state economy.

I. Fiscal Note

The Oversight Subcommittee of the Joint Committee on Legislative Research lists two possible new expenses deriving from this amendment.

1. **Election Costs**: It is within the scope of the authority of the Governor to call a special election to decide this constitutional amendment, add it to the primary election in August 2020, or add it to the general election in November 2020. Special elections have cost taxpayers $7.8 Million in the past, so Oversight estimates the range of additional one-time costs at **$0 to $7.8 million**. This outcome seems unlikely but possible.

2. **Who Redistricts**: Oversight estimates a reduction in annual cost due to the elimination of the position of the nonpartisan state demographer of about $100,000. It also estimates an increase in annual expenses relating to the operations of the independent

bipartisan citizens commissions of something less than $100,000. They make two mistakes in logic.

a. They are referring to a second state demographer who might be hired for the specific purpose of redistricting. The state already employs a State Demographer, Matthew Hesser, who could be given the responsibilities for redistricting at no new cost to the State.

b. These commissions exist as well: the amendment would only increase their members from 10 in the House and 16 in the Senate to 20 for each.

Taking these facts into consideration, the largest possible so-called cost "savings" would take place only if the State removed the second demographer ($100,000) and then spent the minimum ($0) on the commissioners for a net savings of $100,000. Conversely, the State would incur the largest possible new expenses if it never hired the second demographer in the first place and gave the task of redistricting to the state demographer who is already on staff ($0) while also spending the maximum on the commissioners ($100,000) for a net increase of $100,000. A more accurate estimation of fiscal impact would be **from $100,000 in cost savings to $100,000 in new expenses**.

Yet both of these expenses pale in comparison to the hidden costs of this amendment.

II. Political Impact

We predict that the proposed constitutional amendment would create a badly flawed redistricting process with several egregious political outcomes. We will focus on those that promise to cause the most significant fiscal and economic damage.

1. **"One person, one vote"** (see Section 3. [b] [1.]): Every State in the Union interprets this phrase to mean the total population of a district and uses total population as the basis for redistricting. The State of Missouri has used this method throughout its history. Most states, including Missouri, derive this data from the decennial federal Census.[1] The Supreme Court has ruled that total population satisfies this phrase and has never ruled on whether it is permissible for States to use any other method.[2] Yet the sponsors of this legislation want to interpret this phrase as the population of eligible voters.[3]

1 See U. S. Census Bureau, *2010 Census Redistricting Data (Public Law 94-171) Summary File*, January 2011; Nathaniel Persily, et al., Amicus Brief in support of the Appellees in *Evenwel vs. Abbott*, September 25, 2015 (No. 14-940); both accessed June 4, 2020.

2 Matt Ford, "One Person, One Vote, Eight Justices," *The Atlantic*, April 4, 2016.

3 During the Missouri Senate floor debate on 29 January 2020 (see YouTube), Senator Dan Hegeman (MO-12) defined "one person, one vote" in terms of "people that vote. The people that are able to vote are the people that are counted. Not registered voters, but the opportunity to do that.". Conversely, "Senate Majority Floor Leader Caleb Rowden, R-Columbia, told reporters the Legislature is 'staying silent' and sticking with precedent on the question of who is counted in redistricting. The courts will likely decide whether districts are drawn based on total population, he said." (See Brendan Crowley, "Filibuster sidelines Clean Missouri amendment," *The News Tribune*, Jan. 31 2020)

a. **Ambiguity**: The amendment creates ambiguity where there was none — on the practical question of how to count people for the purposes of redistricting. The State could interpret it to mean: Voting-Eligible Population (VEP), Voter Turnout (VT), Registered Voters (RVs), Voting-Age Population (VAP), or Citizen Voting Age Population (CVAP). We predict that the uncertainty of this badly written amendment will open the door for more abuse. It will lead to confusion among citizens and election officials about who gets counted during redistricting.

b. **Deadlock:** The amendment substitutes our current, objective procedures with unnecessary gridlock. It would place the redistricting process in the hands of politically appointed commissioners, which would end in deadlock. As the sponsors admit, they want to leave the final determination to the courts.[4] After considerable litigation, the backup panel of six judges would almost certainly be triggered for redistricting.

c. **Underrepresentation**: Depending on how voters are counted, the process could exclude citizens who did not vote recently (VT) or who have moved but have not reregistered in time for the election (RVs). The clear intent of the legislation is to not count children and non-citizens (CVAP or VAP), in spite of the obvious fact that noncitizens become citizens and children become adults. Black and Latino families have a disproportionate number of members who fit these categories.[5] We therefore predict more systematic underrepresentation of minority groups.

2. **Standing & Redress**: The amendment would restrict who has standing to appeal these redistricting plans as well as the scope of the courts' authority to redress that unfairness (see Section 3. [j.] and 7. [i]). To have standing, a potential litigant must be "an eligible Missouri voter who sustains an individual injury by virtue of residing in a district that exhibits the alleged violation, and whose injury is remedied by a differently drawn district." Then, the courts may make adjustments to "only those districts, and only those parts of district boundaries, necessary to bring the map into compliance." These rules imply that lawsuits challenging unrepresentative districts will have to be filed one by one, each capable of only modest redress. The courts may combine them into a single sprawling suit or litigate them individually; but either way, the amendment would create major challenges in terms of judicial manageability.

3. **"Wasted Votes":** The proposed amendment would increase the upper limit of "wasted votes" to "fifteen percent" (Section 3. [b] [5]). Currently there are zero (0) state legislative districting plans in the U. S. in which "wasted votes" exceed the fifteen percent limit. Nonetheless, most neutral election observers would characterize many state legislative

4 See fn 3.

5 See Missouri Office of Administration, Division of Budget & Planning, *2010 Census Data*, "County Population by Race, Hispanic Origin, and Total Minority"; and the Written Testimony of Nimrod Chapel, Jr. (Missouri NAACP) and Yurij Rudensky and Ethan Herenstein (Brennan Center for Justice at New York University School of Law) on SJR 38 in the Missouri House of Representatives General Laws Committee on April 30, 2020, *Brennan Center for Justice*; both accessed May 31, 2020.

districts as badly gerrymandered.[6] Raising this so-called "limit" to fifteen percent would effectively remove the threshold, opening the door to more abuse, not less.

Economic Impact

In light of these likely outcomes of the proposed amendment, we predict significant short- and long-term damage to the fiscal health of the State budget and the economic health of the State more generally.

1. **Escalating Judicial & Legal Costs**: In 2018, the Clean Missouri Amendment was approved by 62% of the voters and by a majority of voters in 77 out of 115 house districts.[7] Given the bold-faced unfairness of SJ38 and the fact that the sponsors of the legislation are trying to undo a decision of a majority of the voters, we can reliably predict that angry litigants from all over the State will want to sue. The sponsors, too, want to land these suits before the courts. Moreover, they are effectively making Missouri into the test case for this new and untested method of redistricting, so the individual litigants will almost certainly be well funded not just from local and state but also national PACs. The entire budget for the State of Missouri's other lawsuits in 2019 was $24 million,[8] and recent redistricting lawsuits in other states **range in cost from $1.6 to $10 million each**.[9] What is new and different about this proposed amendment is that the sponsors leave open the possibility that the courts could require litigants to sue individually in multiple districts across the State. In that case, **legal costs for the State will skyrocket**.

2. **Expensive Redistricting Procedures**: In comparison to the current method of using total population, all of the options for creating an accurate and up-to-date statewide database of "voters" are more difficult, less reliable, more labor intensive, and thus more expensive. Based on what we know currently about the proposed amendment, we can reasonably exclude certain options:

    a. **VT/RVs/VEP**: Ward/precinct lists of Voter Turnout (VT) or Registered Voters (Rvs) would almost certainly under-represent eligible voters and cannot be used "as is" to represent current voter population. Statistics on Voting-Eligible Populations (VEP) are similarly unreliable because they rely on wildly

6 See evidence and analysis of the historical data provided by *PlanScore*; David Meyers, "The 12 Worst House Districts: Experts Label Gerrymandering's Dirty Dozen," *The Fulcrum*, Nov. 7, 2019; both accessed May 31, 2020.

7 Missouri Secretary of State, *Election Night Results, November 2018*, accessed May 30, 2020; Ashlyn O'Hara and Galen Bacharier, "Lawmakers voted to reconsider Clean Missouri. Did your district support it?" *Columbian Missouirian*, May 12, 2020, accessed May 30, 2020.

8 Kurt Erickson, "Missouri paid out more than $24 million for lawsuits last year," *St. Louis Post-Dispatch*, Feb 3, 2020, accessed May 31, 2020.

9 For North Carolina see Gary D. Robertson, "NC redistricting fight turns to state courts after ruling," *The Associated Press*, June 29, 2019; for Virginia see Alan Suderman, "Public could pay $10 million for redistricting lawsuits," *The Associated Press*, July 17, 2018; for Wisconsin see Patrick Marley, "Redistricting Legal Fight on Track to Cost Wisconsin Taxpayers $3.5 million," *Milwaukee Journal Sentinel*, January 22, 2019; all accessed May 31, 2020.

inconsistent reporting practices at the local level.[10] All three of these options would be so inaccurate that they would be prohibitively expensive to clean up.

b. **VAP**: The local data on Voting-Age Population (VAP) already exists and is publicly available from the U.S. Census Bureau. The State is therefore least likely to incur new costs if eligible voters were counted using VAP. However, the sponsors of SJR38 explicitly removed from the "truly agreed to and finally passed" language of the law all references to using the decennial Census for these purposes. It is therefore unlikely that they intend to use VAP data alone.

c. **CVAP**: Given the concern of the sponsors about excluding non-citizens, the most likely candidate for this new database is Citizen Voting-Age Population (CVAP). Using CVAP, however, would require creating a new database linking citizenship to voting age at the ward/precinct level. The sponsors have not yet outlined their plan for creating such a database; the most likely way to do so would be through some kind of statewide census. There were 2,396,271 households in Missouri from 2014 to 2018. We conservatively estimate the cost of a census at $107 per household based on the 2020 Federal rate.[11]

Such a statewide census would create **a minimum of $256 million in new expenses**. In sum, this amendment would create one of, if not the most **expensive redistricting process in all fifty states**.

3. **Bad for Business & Local Government**: The amendment will shift legislative power away from districts with more children and non-citizens.[12] These shifts in relative representation would impact the ability of communities to mobilize state resources through their elected representatives. Moreover, the business community thrives when laws are transparent and predictable; uncertainty makes entrepreneurs nervous about re/investing. This badly written amendment would negatively impact both large corporations and small businesses. Though **not concretely quantifiable**, the long-term fiscal and economic costs from these factors are **foreseeable and very significant**.

4. **Economic Sanctions**: Thanks to social media and a heightened level of partisan activism, changes to state laws now often receive national or even global attention, particularly when they are prejudicial to vulnerable populations like children, non-citizen, and people of color. In response, activist groups often call for a wide range of public and private sanctions against the state. Typical responses include reductions in business travel, conferences, cultural events, and tourism. In extreme cases, it can lead boycotts, corporate relocations, and divestment. In the long-term, such sanctions impact small businesses as much as large corporations. Some recent estimates from comparable

10 Michael McDonald, *The United States Elections Project*, accessed May 30, 2020.

11 See Paul Bedard, "2020 Census to cost $107 per household, $15.6 billion, most ever," *Washington Examiner*, October 30, 2017; *U.S. Census Bureau Quick Facts: Missouri*, both accessed May 31. 2020.

12 See fn 5.

states suggest **economic losses ranging from $256.4 million to $3.76 billion**.[13] By making Missouri into a national and international poster child for discriminatory redistricting, we anticipate **substantial long-term fiscal and economic damage**.

There are many things we cannot know for sure, but that is the core problem with this amendment — its uncertainty. The Legislature is asking the citizens of Missouri to become the lab rats for an untested, dangerous experiment in political redistricting. This risky adventure runs contrary to the traditions and culture of the Show-Me State.

Our conclusion is that this unnecessary and badly written amendment exposes the State to **significant foreseeable fiscal and economic damage on a wide range of fronts**. Even if some of these likely outcomes cannot be precisely quantified, we encourage you to make clear to the voters of the State of Missouri **the disastrous scale of these predictable outcomes** in the language of your fiscal note summary.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110 and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

[13]In Indiana, the Center for American Progress estimated that their Religious Freedom Restoration Act could cost the state $250 million over 6 years (Sarah McBride and Laura E. Durso, “Indiana’s Religious Freedom Restoration Act Is Bad for Business,” *CAP*, March 31, 2015, accessed June 4, 2020). In North Carolina, the Public Facilities Privacy & Security Act restricted bathroom use to people of the same sex according to their birth certificate. According to Emery P. Dalesio and Jonathan Drew of *The Associated Press* (published in *The Washington Post* and many other news sources, 30 March 2017), passage of this new law resulted in an estimated loss to North Carolina's economy of over $3.76 billion in investments and jobs.

Mayor Len Pagano, City of St. Peters provided the following information:

State Auditor's Office
State Capitol, Rm 121
Jefferson City, MO 65101
fiscalnote@auditor.mo.gov

June 4, 2020

Auditor Galloway:

SJR38 would have a significant fiscal impact on local governments and small businesses in Missouri if the population standard for state legislative maps is changed from using total population to a citizen voting-age population or eligible voter standard.

SJR38 Sponsor Dan Hegeman indicated on the Senate floor on January 29, 2020 that the intention of Section 3(a)(b)(1) in SJR38 (Page 4, Lines 43-54) is to move the state of Missouri away from using total population for state legislative maps, and instead use a new population standard when drawing state legislative plans based on "the people that are able to vote."

Such a move would be a radical departure from how Missouri has drawn maps for at least 145 years. Drawing maps on anything other than the total population of Missouri would also be a departure from current practice in the United States. Right now, every state in America counts everyone for redistricting purposes.

The Census Bureau's 5-Year American Community Survey indicates that 13,400 residents of St. Peters would lose representation if maps are drawn using an eligible voter standard.

Our cities provide services to everyone in our community, and not counting everyone would have a significant impact on how our residents are represented — and who is represented — in the General Assembly.

Testimony provided to the General Assembly in the House General Laws Committee made clear that if Missouri maps are drawn based on the number of eligible voters, instead of the total population, there would be a discriminatory impact on the representation for voters of color. From that testimony, given by Nimrod Chapel, Jr. of the Missouri NAACP State Conference and Yurij Rudensky and Ethan Herenstein of the Brennan Center for Justice:

> **Apportioning on the basis of citizen voting age population (CVAP)—or any basis narrower than total population—would be discriminatory.** Apportioning on the basis of CVAP would be discriminatory. The main proponent of CVAP-based apportionment was Thomas Hofeller, the architect behind racially discriminatory maps in North Carolina, Texas, Virginia, and other states, who explained in a memo made public after his death

that apportioning on the basis of CVAP would be "advantageous to Republicans and Non-Hispanic whites."4 Research proves that to be true in Missouri as well.

Over 90 percent of the people excluded from Missouri's apportionment base under CVAP apportionment would be citizen children. Missouri's citizen children are not evenly distributed across the state—in fact, Missouri's communities of color skew younger than their white counterparts. As a result, these minority communities would suffer disproportionate representational losses if citizen children were excluded from the apportionment base.

For white communities, only 21 percent of their population is under eighteen years of age. But households in Black and Latino communities tend to include more children, with 26.7 percent and 37 percent of their respective populations aged under eighteen. In other words, more than a quarter of Missouri's Black community and more than a third of the state's Latino community simply would not count under a CVAP-based apportionment.

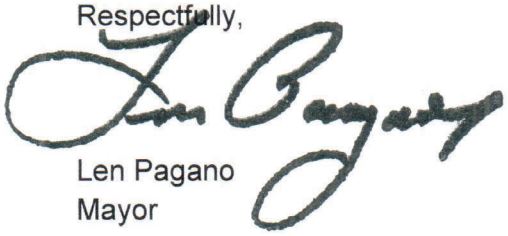
Furthermore, from the same public testimony:

> [The voter-approved redistricting system in 2018's] Amendment 1 offers robust protections for communities of color in the redistricting process. Beyond those contained in the Voting Rights Act, Amendment 1 provides independent state-law protections that protect minority communities' ability to participate in the political process and elect their representatives of choice. While SJR 38 would retain some state-level protections, it significantly weakens them by eliminating Amendment 1's prohibition against making it harder for communities of color to elect representatives of their choice and its protection of coalitional districts where different communities can combine their voting strength. As a result, SJR 38 would leave minority communities more vulnerable during the redistricting process.

If SJR38 is fully implemented as intended by Sen. Hegeman, we should expect a significant impact on Missouri's small businesses and local government revenues, due to the dramatic change in who is represented, and due to the inevitable decline in economic activity that would come from passage and implementation of such a discriminatory redistricting system.

Thank you for your attention to this submission.

Respectfully,



Len Pagano
Mayor

Jean Dugan, provided the following information:

As co-presidents of the League of Women Voters of Metro St. Louis, they are concerned about the impact of language in SJR38 that could lead to Missouri not counting non-citizens or anyone under age 18 when legislative district maps are drawn. As they said, "Removing 1.4 million children from our population count substantially affects the size of House and Senate districts and reduces the representation of all children and non-citizens." The fiscal impact of this is unclear, but they believe not using total population would be detrimental to most Missouri families.

Nancy J. Miller and Louise T. Wilkerson

Keep clean redistricting process that counts kids

By Nancy J. Miller and Louise T. Wilkerson

https://www.stltoday.com/opinion/columnists/nancy-miller-and-louise-wilkerson-keep-clean-redistricting-process-that-counts-kids/article_6a268be7-5129-5b5e-a3ad-03cea5febc33.html

After the courts confirmed that the 2020 Census should count every resident, many members of the Missouri General Assembly indicated that they think legislative district maps should be drawn counting only citizens over the age of 18.

The Legislature last week approved Senate Joint Resolution 38 to put an amendment on the ballot to replace Clean Missouri's redistricting process. The new amendment would allow unprecedented partisan and racial gerrymandering. Not only would this amendment to the state constitution give political parties more power, it would open the door to a process that excludes children and non-citizens when drawing legislative district maps.

Apparently, some legislators do not think kids should count as part of their constituency, even though minors make up 22% of the state's population. That is an estimated 1.4 million children under the age of 18 across the state, according to the Missouri Census Data Center. That includes 22% of the St. Louis County population, 19% of St. Louis city, and 23% of St. Charles County.

The League of Women Voters believes that district maps should continue to be drawn on the basis of total population — all the people who live in an area. Courts have supported this method since total population serves the principle of representational equality. The Supreme Court ruling in Evenwel v. Abbott reaffirmed that the interests of all people living in the U.S. should hold equal weight and yield comparable influence in the democratic process. Legislators are elected to serve all residents, not just those eligible to vote.

Currently, Missouri's 163 House districts have an average population of 37,000 and the 34 Senate districts have an average population of 174,000. Those population numbers for legislative districts are crucial for their communities. Representation determines how

resources get allocated. Removing 1.4 million children from their population count substantially affects the size of House and Senate districts and reduces the representation of all children and non-citizens.

Accurate Census are used by school districts, municipal boards and states to determine funding priorities and allocate necessary resources for schools, libraries, transportation and other public programs and services. If legislative district maps are drawn based on incomplete counts, then all individuals living in those districts might suffer.

When all their neighbors are not represented and included in all counts, the entire community loses out. They need fair maps that include all of us.

Families with children would lose the most if Missouri switches to Citizen Voting Age Population for redistricting after the 2020 Census. Those district maps would be in place for the next decade. A lot of changes occur in 10 years, including current teenagers becoming eligible to vote, and refugees and other immigrants gaining citizenship. Are they to be denied their representation?

League volunteers have registered dozens of newly naturalized citizens to vote. Their excitement about earning the right to vote in this country reminds us of the importance of citizenship. It should also remind us of the importance of refugees and other immigrants in our economy. Many of them come with valuable skills and are willing to work hard to achieve the American dream.

State legislators should be eager to represent non-citizen residents, not discount them.

The Missouri General Assembly's new gerrymandering plan is part of a national effort to undermine the principles of representative democracy. The daughter of gerrymandering mastermind Thomas B. Hofeller released files after his death showing he advocated using Citizen Voting Age Population for redistricting instead of total population since it favored one group of citizens over others, saying it "would be advantageous to non-Hispanic whites."

These files were evidence in the 2019 Texas court case that ruled out a Census question on citizenship. In Missouri, experts say using voting age in redistricting would benefit rural areas at the expense of St. Louis and other cities.

In 2018 voters in every state Senate district supported Amendment 1, known as Clean Missouri, to clean up Missouri's Legislature. They believe Missourians do not want to exclude children under 18 and non-citizens from the count, drop the amendment's independent demographer, give political parties more power, hide the data used for the final maps, or set a weaker race equity standard.

"Voters should be livid at this legislative attempt to circumvent their will," the Post-Dispatch said in a Feb. 12 editorial that recognized SJR 38 as an incumbent-protection plan.

They want fair maps that count their kids as well as non-citizens. To achieve that, they need to keep the process clean. Let's not mess with Amendment 1.

David Roberts provided the following information:

State Auditor's Office
State Capitol, Rm 121
Jefferson City, MO 65101
fiscalnote@auditor.mo.gov

June 5, 2020

Auditor Galloway:

SJR38 would have a significant fiscal impact on local governments and small businesses in Missouri if the population standard for state legislative maps is changed from using total population to a citizen voting-age population or eligible voter standard.

SJR38 Sponsor Dan Hegeman indicated on the Senate floor on January 29, 2020 that the intention of Section 3(a)(b)(1) in SJR38 (Page 4, Lines 43-54) is to move the state of Missouri away from using total population for state legislative maps, and instead use a new population standard when drawing state legislative plans based on "the people that are able to vote."

Sometimes referred to as a citizen voting-age population (CVAP) standard, such a move would be a radical departure from the standard Missouri has used for at least 145 years. Drawing maps on anything other than the total population of Missouri would also be a departure from current practice in the United States. Right now, every state in America counts everyone for redistricting purposes.

The Census Bureau's 5-Year American Community Survey indicates that 185,665 Jackson County residents[1] — more than 1 in 4 of our neighbors and family members — would lose representation if maps are drawn using an eligible voter standard. Jackson County provides services to everyone in our community, and not counting everyone in Jackson County would have a significant impact on who and how our residents are represented in the General Assembly.

Underrepresented constituents receive less funding. This is common sense, and is documented in academic research. See, for instance, research by Stephen Ansolabehere, Alan Gerber and Jim Snyder on the "clear evidence of the political consequences of unequal representation,"[2] and work from Tiberiu Dragu and Jonathan Rodden demonstrating that

[1] Citizen Voting Age Population Special Tabulation from the 2018 5-Year American Community Survey
[2] Ansolabehere, S., Gerber, A., & Snyder, J. (2002). Equal Votes, Equal Money: Court-Ordered Redistricting and Public Expenditures in the American States. American Political Science Review, 96(4), 767-777. doi:10.1017/S0003055402000448

"overrepresented regions appear to receive substantially larger per capita shares of government expenditure."[3]

Furthermore, testimony provided to the House General Laws Committee during debate on SJR38 made clear that **if Missouri maps are drawn based on the number of eligible voters, instead of the total population, there would be a discriminatory impact on the representation for voters of color.** From that testimony, given by Nimrod Chapel, Jr. of the Missouri NAACP State Conference, and Yurij Rudensky and Ethan Herenstein of the Brennan Center for Justice:

> **Apportioning on the basis of citizen voting age population (CVAP)—or any basis narrower than total population—would be discriminatory.** Apportioning on the basis of CVAP would be discriminatory. The main proponent of CVAP-based apportionment was Thomas Hofeller, the architect behind racially discriminatory maps in North Carolina, Texas, Virginia, and other states, who explained in a memo made public after his death that apportioning on the basis of CVAP would be "advantageous to Republicans and Non-Hispanic whites."[4] Research proves that to be true in Missouri as well.
>
> Over 90 percent of the people excluded from Missouri's apportionment base under CVAP apportionment would be citizen children. Missouri's citizen children are not evenly distributed across the state—in fact, Missouri's communities of color skew younger than their white counterparts. As a result, these minority communities would suffer disproportionate representational losses if citizen children were excluded from the apportionment base.
>
> For white communities, only 21 percent of their population is under eighteen years of age. But households in Black and Latino communities tend to include more children, with 26.7 percent and 37 percent of their respective populations aged under eighteen. In other words, more than a quarter of Missouri's Black community and more than a third of the state's Latino community simply would not count under a CVAP-based apportionment.

Furthermore, from the same public testimony:

> [The voter-approved redistricting system in 2018's] Amendment 1 offers robust protections for communities of color in the redistricting process. Beyond those contained

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[3] Dragu, T., & Rodden, J. (2011). Representation and redistribution in federations. Proceedings of the National Academy of Sciences of the United States of America, 108(21), 8601–8604. https://doi.org/10.1073/pnas.1019061108

[4] *See* Exhibit D to Letter Motion to Compel Defendants to Show Cause, New York v.U.S. Dep't of Commerce, No. 18-cv-2921 (S.D.N.Y. May 31, 2019), ECF No. 595-1.

in the Voting Rights Act, Amendment 1 provides independent state-law protections that protect minority communities' ability to participate in the political process and elect their representatives of choice. While SJR 38 would retain some state-level protections, it significantly weakens them by eliminating Amendment 1's prohibition against making it harder for communities of color to elect representatives of their choice and its protection of coalitional districts where different communities can combine their voting strength. As a result, SJR 38 would leave minority communities more vulnerable during the redistricting process.

If SJR38 is fully implemented as intended by Sen. Hegeman, we should expect a significant impact on Missouri's small businesses and local government revenues, due to the dramatic change in who is represented, and due to the inevitable decline in economic activity that would come from the public outcry after passage and implementation of such a discriminatory redistricting system.

The Associated Press determined in 2017 that North Carolina's discriminatory House Bill 2 would cost the state more than $3.76 billion in lost economic activity[5] over a dozen years because of a strong public response to the law. Arizona lost significant economic activity after its state legislature passed a controversial immigration bill. One study[6] "found a $141 million hit to the convention and tourism industry in the four months after" the controversial law was signed.

Thank you for your attention to this submission.

Respectfully,

David Roberts

[5] Dalesio, E. and Drew, J. Price tag of North Carolina's LGBT law: $3.76B. Associated Press, March 27, 2017. https://apnews.com/fa4528580f3e4a01bb68bcb272f1f0f8

[6] Peralta, E. In Wake Of Immigration Law, Boycott Cost Arizona Millions. National Public Radio, November 18, 2010.

W. Craig Hosmer, Hosmer King & Royce, LLC provided the following information:

June 5, 2020

State Auditor's Office
State Capitol, Rm 121
Jefferson City, MO 65101
fiscalnote@auditor.mo.gov

Auditor Galloway:

This submission is in my individual capacity and not as a member of the Springfield City Council. I hope to discuss this issue as a city, but I want to submit my personal perspective for your consideration and in your timeframe.

I am concerned that SJR38 would have a significant fiscal impact on local governments and small businesses of Southwest Missouri if the population standard for state legislative maps is changed from using total population to a citizen voting-age population or eligible voter standard.

SJR38 Sponsor Dan Hegeman indicated on the Senate floor on January 29, 2020 that the intention of Section 3(a)(b)(1) in SJR38 (Page 4, Lines 43-54) is to move the state of Missouri away from using total population for state legislative maps, and instead use a new population standard when drawing state legislative plans based on "the people that are able to vote."

Sometimes referred to as a citizen voting-age population (CVAP) standard, such a move would be a radical departure from the standard Missouri has used for at least 145 years. Drawing maps on anything other than the total population of Missouri would also be a departure from current practice in the United States. Right now, every state in America counts everyone for redistricting purposes.

The Census Bureau's 5-Year American Community Survey indicates that 33,190 Springfield residents would lose representation if maps are drawn using an eligible voter standard. In the Springfield R-XII School District, 44,922 children and noncitizens would not count.

Springfield provides services to everyone in our community, and not counting everyone in our community would have a significant impact on how our residents are represented in the General Assembly. Underrepresented constituents receive less funding. This is common sense, and is documented in academic research. See, for instance, research by Stephen Ansolabehere, Alan Gerber and Jim Snyder on the "clear evidence of the political consequences of unequal representation," and work from Tiberiu Dragu and Jonathan Rodden demonstrating that

"overrepresented regions appear to receive substantially larger per capita shares of government expenditure."

Furthermore, testimony provided to the House General Laws Committee during debate on SJR38 made clear that if Missouri maps are drawn based on the number of eligible voters, instead of the total population, there would be a discriminatory impact on the representation for voters of color. If SJR38 is fully implemented as intended by Sen. Hegeman, we should expect a significant impact on Missouri's small businesses and local government revenues, due to the dramatic change in who is represented, and due to the inevitable decline in economic activity that would come from the public outcry after passage and implementation of such a discriminatory redistricting system. The Associated Press determined in 2017 that North Carolina's discriminatory House Bill 2 would cost the state more than $3.76 billion in lost economic activity over a dozen years because of a strong public response to the law. Arizona lost significant economic activity after its state legislature passed a controversial immigration bill. One study "found a $141 million hit to the convention and tourism industry in the four months after" the controversial law was signed.

I am concerned that the fiscal impact of SJR38 would be significant for local governments if any population standard other than total population is used for state legislative maps.

Thank you for your attention to this submission.

Cordially,

HOSMER KING & ROYCE, LLC

By:_____
W. Craig Hosmer

HOSMER KING & ROYCE, LLC
313 South Glenstone
Post Office Box 1245
Springfield, Missouri 65801
Telephone 417-869-9999
Facsimile 417-869-2099
E-mail: craig.hosmer@hkrlawoffice.com

Tommie L. Pierson, Sr. provided the following information:

June 4, 2020

Auditor Galloway:

SJR38 would have a significant fiscal impact on local governments and small businesses in Missouri if the population standard for state legislative maps is changed from using total population to a citizen voting-age population or eligible voter standard.

SJR38 Sponsor Dan Hegeman indicated on the Senate floor on January 29, 2020 that the intention of Section 3(a)(b)(1) in SJR38 (Page 4, Lines 43-54) is to move the state of Missouri away from using total population for state legislative maps, and instead use a new population standard when drawing state legislative plans based on "the people that are able to vote."

Such a move would be a radical departure from how Missouri has drawn maps for at least 145 years. Drawing maps on anything other than the total population of Missouri would also be a departure from current practice in the United States. Right now, every state in America counts everyone for redistricting purposes.

The Census Bureau's 5-Year American Community Survey indicates that 2,200 residents of Bellefontaine Neighbors would lose representation if maps are drawn using an eligible voter standard. In the Riverview Gardens School District, 10,820 children and noncitizen immigrants would lose representation.

Our cities provide services to everyone in our community, and not counting everyone would have a significant impact on how our residents are represented — and who is represented — in the General Assembly.

Testimony provided to the General Assembly in the House General Laws Committee made clear that if Missouri maps are drawn based on the number of eligible voters, instead of the total population, there would be a discriminatory impact on the representation for voters of color. From that testimony, given by Nimrod Chapel, Jr. of the Missouri NAACP State Conference and Yurij Rudensky and Ethan Herenstein of the Brennan Center for Justice:

> **Apportioning on the basis of citizen voting age population (CVAP)—or any basis narrower than total population—would be discriminatory.** Apportioning on the basis of CVAP would be discriminatory. The main proponent of CVAP-based apportionment was Thomas Hofeller, the architect behind racially discriminatory maps in North Carolina, Texas, Virginia, and other states, who explained in a memo made public after his death that apportioning on the basis of CVAP would be "advantageous to Republicans and Non-Hispanic whites."4 Research proves that to be true in Missouri as well.
>
> Over 90 percent of the people excluded from Missouri's apportionment base under CVAP apportionment would be citizen children. Missouri's citizen children are not evenly distributed across the state—in fact, Missouri's communities of color skew younger than their white counterparts. As a result, these minority communities would suffer disproportionate representational losses if citizen children were excluded from the apportionment base.

> For white communities, only 21 percent of their population is under eighteen years of age. But households in Black and Latino communities tend to include more children, with 26.7 percent and 37 percent of their respective populations aged under eighteen. In other words, more than a quarter of Missouri's Black community and more than a third of the state's Latino community simply would not count under a CVAP-based apportionment.

Furthermore, from the same public testimony:

> [The voter-approved redistricting system in 2018's] Amendment 1 offers robust protections for communities of color in the redistricting process. Beyond those contained in the Voting Rights Act, Amendment 1 provides independent state-law protections that protect minority communities' ability to participate in the political process and elect their representatives of choice. While SJR 38 would retain some state-level protections, it significantly weakens them by eliminating Amendment 1's prohibition against making it harder for communities of color to elect representatives of their choice and its protection of coalitional districts where different communities can combine their voting strength. As a result, SJR 38 would leave minority communities more vulnerable during the redistricting process.

If SJR38 is fully implemented as intended by Sen. Hegeman, we should expect a significant impact on Missouri's small businesses and local government revenues, due to the dramatic change in who is represented, and due to the inevitable decline in economic activity that would come from passage and implementation of such a discriminatory redistricting system.

Thank you for your attention to this submission.

Respectfully,

Tommie L. Pierson, Sr.

Dan Vicuna, National Redistricting Manager, Common Cause provided the following information:

Common Cause
Holding Power Accountable

805 Fifteenth Street NW, Suite 800
Washington, DC 20005
202.833.1200
www.commoncause.org

Public Comments on the Fiscal Impact of Amendment 3

Submitted by Dan Vicuna, Common Cause national redistricting manager
June 5, 2020

The provision of Amendment 3 that would require the drawing of state legislative districts based on counting only American citizens of voting age is a radical and discriminatory change that would intentionally target people of color by reducing their representation in the state legislature. National Republican political operatives began advocating for this approach to redistricting after an analysis completed by the late Thomas Hofeller, the Republican National Committee's redistricting director following the 2010 census. Analyzing population data from Texas as an example, Hofeller concluded in 2015 that drawing districts that include a count of only citizens of voting age "would be advantageous to Republicans and Non-Hispanic Whites."[1] In addition to reducing representation in Missouri communities with higher percentages of noncitizens, this change would disproportionately impact communities of color because of the number of children who would be not be counted. In Missouri, only one in five white Missourians are children.[2] However, that number jumps to one in four black Missourians and one in three Latino Missourians.[3]

Dale Oldham, Hofeller's business partner until Hofeller's death, has traveled to Missouri and directly consulted with legislative supporters of Amendment 3. If Missouri passes Amendment 3, it will be the only state in the United States to draw districts based on citizen voting age population and the first ever to exclude such large swaths of the population since the adoption of the 14th Amendment in 1868.

As the sole state in the country to adopt a radical and discriminatory approach to redistricting, Missouri would inevitably become ground zero for activism. The passage of unmistakably discriminatory laws targeting certain racial groups or members of the LGBTQ communities has frequently led to statewide economic boycotts costing or threatening costs of between $100

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[1] Michael Wines, *Deceased G.O.P. Strategist's Hard Drives Reveal New Details on the Census Citizenship Question*, N.Y. TIMES (May 30, 2019), https://www.nytimes.com/2019/05/30/us/census-citizenship-question-hofeller.html (quoting Thomas Hofeller).
[2] *American Community Survey 2018 5-Year Estimates Detailed Table: Sex by Age (White Alone)*, U.S. CENSUS BUREAU (last visited Jun. 4, 2020).
[3] *American Community Survey 2018 5-Year Estimates Detailed Tables: Sex by Age (Black or African American Alone)*, U.S. CENSUS BUREAU (last visited Jun. 4, 2020), *American Community Survey 2018 5-Year Estimates Detailed Tables: Sex By Age (Hispanic or Latino)*, U.S. CENSUS BUREAU (last visited Jun. 4, 2020).

million and several billion dollars.[4] The targeting of Missouri with economic boycotts that will have a significant fiscal impact is not just likely. It is inevitable.

Below are some examples of the significant fiscal impact on states that have targeted vulnerable communities for discrimination.

- **North Carolina:** In 2016, North Carolina Gov. Pat McCrory signed HB 2, the Public Facilities Privacy & Security Act. This bill targeted the transgender community by mandating that all government buildings using single-sex restrooms limit the use of those restrooms based on gender assigned at birth. Prior to its partial repeal in 2017, the Associated Press estimated that lost economic activity caused by protest boycotts would cost the state at least $3.76 billion over a dozen years.[5] By the end of 2017, lost business was estimated to cost the state $525 million. A Forbes Magazine analysis estimated actual statewide losses of $630 million by the November 2018 election.[6] Actions in support of the boycott ranged from PayPal reversing course on expanding in the state,[7] the NCAA moving basketball tournament games to other states,[8] and entertainers cancelling concerts.
- **Indiana:** Indiana's Religious Freedom Restoration Act (RFRA), enacted in 2015, allowed businesses to discriminate against its customers based on sexual orientation by allowing businesses to claim that the discrimination is based on religious beliefs. The bill's passage cost the City of Indianapolis upwards of $60 million as companies and conventions pulled out of the city,[9] and was estimated to cost the state approximately $256 million over six years.[10] Jurisdictions such as Connecticut, Washington,[11] San

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[4] *See infra* text accompanying notes 5-15.
[5] *'Bathroom Bill' to Cost North Carolina $3.76 Billion*, CNBC (Mar. 27, 2017), https://www.cnbc.com/2017/03/27/bathroom-bill-to-cost-north-carolina-376-billion.html.
[6] Corrine Jurney, *North Carolina's Bathroom Bill Flushes Away $630 Million In Lost Business*, FORBES (Nov. 3, 2016), https://www.forbes.com/sites/corinnejurney/2016/11/03/north-carolinas-bathroom-bill-flushes-away-750-million-in-lost-business/#599c8bfc4b59.
[7] German Lopez, *Paypal Makes It Official: North Carolina's Anti-LGBTQ Law Will Cost the State Jobs*, VOX (Apr. 5, 2016), https://www.vox.com/2016/4/5/11369334/paypal-lgbtq-north-carolina.
[8] Colleen Jenkins & Daniel Trotta, *Seeking End to Boycott, North Carolina Rescinds Transgender Bathroom Law*, REUTERS (Mar. 30, 2017), https://www.reuters.com/article/us-north-carolina-lgbt/seeking-end-to-boycott-north-carolina-rescinds-transgender-bathroom-law-idUSKBN1711V4
[9] Brian Eason, *Official: RFRA Cost Indy up to 12 Conventions and $60M*, INDYSTAR (Jan. 25, 2016), https://www.indystar.com/story/news/politics/2016/01/25/official-rfra-cost-indy-up-12-conventions-and-60m/79328422/ (quoting Visit Indy, Indianapolis's nonprofit tourism arm).
[10] Sarah McBride & Laura E. Durso, *Indiana's Religious Freedom Restoration Act is Bad for Business*, CENTER FOR AM. PROGRESS (Mar. 31, 2015), https://www.americanprogress.org/issues/lgbtq-rights/news/2015/03/31/110232/indianas-religious-freedom-restoration-act-is-bad-for-business/.
[11] Mary Ann Georgantopoulos, *Boycott Against Indiana's Religious Freedom Law Grows Across U.S.*, BUZZFEED NEWS (Apr. 1, 2015), https://www.buzzfeednews.com/article/maryanngeorgantopoulos/here-are-the-celebrities-businesses-and-governments-boycotti.

Francisco, and Seattle,[12] and also implemented boycotts of municipal funds spent in Indiana.

- **Arizona:** In 2010, Arizona began implementation of SB 1070, a bill targeting immigrants that was widely believed to increase racial profiling of Latinos in the state. Within a year of its passage, Arizona lost $141 million in direct spending from convention cancellations alone and approximately $253 million in lost economic output.[13]
- **Georgia:** In 2019, Georgia's governor approved HB 481, a bill with strict limitations on the right to an abortion. This drew significant opposition from the entertainment industry, which generates $9.5 billion per year in the state.[14] The law is currently enjoined as it proceeds in litigation, which has limited the economic damage caused.
- **Texas:** Legislation in Texas targeting the LGBTQ community, such as a "bathroom bill" resembling North Carolina's and a "religious liberty" bill similar to Indiana's, put the state at risk of economic boycotts. The Texas Association of Business estimates that protests targeting Texas could cost the state up to $8.5 billion and 185,000 jobs if such legislation passed.[15]

Passage of Amendment 3 would have a significant fiscal impact on the state of Missouri. Enshrining unprecedented discrimination into the Missouri Constitution will trigger a fierce backlash consistent with what other states have experienced. The Census Bureau estimated in 2018 that 22.5% of Missouri's population – 1,471,488 people – are minors under the age of 18 and that 2.1% of the state's population – 126,200 people – are noncitizens. The proposal to deny representation in the state legislature to all non-voters could adversely impact significantly more people than bills targeting undocumented immigrants or transgendered individuals and is, as result, far more likely to lead to severe fiscal consequences. The state auditor's office has a responsibility to inform Missouri voters about the near-certain fiscal costs of passing a patently discriminatory measure.

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[12] Jeremy Quittner, *Indiana Proves Why Discrimination is Bad for Business*, INC. (Mar. 30, 2015), https://www.inc.com/jeremy-quittner/business-pressure-mounts-against-indiana-over-discrimination-law.html.

[13] MARSHALL FITZ & ANGELA KELLEY, STOP THE CONFERENCE THE ECONOMIC AND FISCAL CONSEQUENCES OF CONFERENCE CANCELLATIONS DUE TO ARIZONA'S S.B. 1070 (Center for American Progress Nov. 2010), https://cdn.americanprogress.org/wp-content/uploads/issues/2010/11/pdf/az_tourism_execsumm.pdf.

[14] Myrydd Wells, *Hollywood's (Threatened) Boycott of Georgia, Explained*, ATLANTA MAGAZINE (Jun. 3, 2019), https://www.atlantamagazine.com/news-culture-articles/hollywoods-threatened-boycott-of-georgia-explained/

[15] TEXAS ASS'N OF BUS., KEEP TEXAS OPEN FOR BUSINESS: THE ECONOMIC IMPACT OF DISCRIMINATORY LEGISLATION ON THE STATE OF TEXAS https://www.courthousenews.com/wp-content/uploads/2017/01/Bathroom-study.pdf

Barry Greenberg, Mayor, City of Maplewood provided the following information:

State Auditor's Office
State Capitol, Rm 121
Jefferson City, MO 65101
fiscalnote@auditor.mo.gov

June 5, 2020

Auditor Galloway:

I don’t understand the benefit of SJR38, sponsored by Dan Hegeman, not only does it negatively impact the representation of my city, it doesn’t accurately reflect ours, or any other cities demographics. The legislature wants to pass anti-abortion legislation because every life is important. Apparently those lives are only important if they can serve a particular agenda.

The fiscal impact of SJR38 would be significant for local governments, small businesses, and state revenues if the population standard for state legislative maps is changed from using total population to a citizen voting-age population or eligible voter standard.

SJR38 Sponsor Dan Hegeman indicated on the Senate floor on January 29, 2020 that the intention of Section 3(a)(b)(1) in SJR38 (Page 4, Lines 43-54) is to move the state of Missouri away from using total population for state legislative maps, and instead use a new population standard of "the people that are able to vote."

Sometimes referred to as a citizen voting-age population (CVAP) standard, such a move would be a radical departure from how Missouri has drawn maps for at least 145 years. Drawing maps on anything other than the total population of Missouri would also be a departure from current practice in the United States. Right now, every state in America counts everyone for redistricting purposes.

If a citizen voting-age population standard is used in Missouri for state legislative plans, as Senator Hegeman said was his intention with SJR38, the impacts on the representation for local governments and political subdivisions would be significant.

The Census Bureau's 5-Year American Community Survey indicates that 1,695 or about 21% of Maplewood residents would lose their representation because they are children not yet eligible to vote, or because they are noncitizens. Maplewood provides services to all of our residents, and a significant change to which of our residents are counted in General Assembly districts would have a significant impact on who and how our residents are represented.

Testimony provided to the General Assembly in the House General Laws Committee made clear that if Missouri maps are drawn based on the number of eligible voters, instead of based on the total population, there would be a significant discriminatory impact on the representation of voters and communities of color.

We should expect a significant impact on Missouri's small businesses and Missouri's overall economy if maps are drawn in discriminatory way that disproportionately impacts Missourians

of Color. This smells of jerrymandering and it is not a pleasant odor emanating from Jefferson City.

The fiscal impact of SJR38 would be significant for local governments, small businesses, and state revenues if any population standard other than total population is used for state legislative Maps.

I can be reached at b-greenberg@cityofmaplwood.com. I appreciate your attention to this matter.

Respectfully,

Barry Greenberg

Barry Greenberg, Mayor
City of Maplewood, Missouri

Sean Soendker Nicholson provided the following information:

State Auditor's Office
State Capitol, Rm 121
Jefferson City, MO 65101
fiscalnote@auditor.mo.gov

June 6, 2020

To Whom It May Concern:

The passage and full implementation of SJR38 would have significant fiscal and economic impacts on the State of Missouri, on local governments, and on Missouri small businesses. The legislative debate on SJR38 illuminated many things about the goals and potential impact of the proposed constitutional amendment, and the fiscal note for SJR38 should reflect the potential cost of the proposal.

SJR38 removes the explicit requirement that state legislative maps be based on the total population of Missouri.

SJR38 asks Missouri voters to repeal three explicit requirements in the state constitution requiring that state senate and state house districts be based on the total population of the state. Section 3(a)(b)(1) on Page 4 on SJR38 proposes the following changes to the constitution:

> Districts shall be ~~[established on the basis of total]~~ **as nearly equal as practicable in population**~~[. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census]~~**, and shall be drawn on the basis of one person, one vote**.

This would be a significant change to our current constitutional requirements with profound consequences for the people of Missouri. Instead of counting all constituents in our state for state legislative maps, as every state in the United States of America does now, SJR 38 seeks to make Missouri the first state in the Union to move away from counting everyone.[1] SJR38 would

[1] Nathaniel Persily et al., Brief of Nathaniel Persily, Bernard Grofman, Stephen Ansolabehere, Charles Stewart III, and Bruce E. Cain as Amici Curiae in Support of Appellees, No. 14-940, in the Supreme Court of the United States (September 25, 2015).

replace the current constitutional requirement that all Missourians be counted with a new standard, that state house and senate maps be drawn "on the basis of one person, one vote."

Missouri has based state legislative maps on total population since at least 1875.
Drawing maps on anything other than total population would be a radical departure from the standard that Missouri has used for at least 145 years.[2] Note the following passages from the Constitution of 1875:

> The ratio of representation shall be ascertained at each apportioning session of the General Assembly, by dividing *the whole number of inhabitants of the State, as ascertained by the last decennial census of the United States… (emphasis added)*

SJR38 proposes a radical change to longstanding redistricting policy which would have significant impacts on representation if fully implemented.

Basing legislative maps on the number of eligible voters in Missouri is the explicit goal of the SJR38 sponsor Senator Dan Hegeman.
Senator Dan Hegeman was asked by Senator Jill Schupp to explain the intent of Section 3(a)(b)(1) of SJR38 during floor debate on the proposal in January. This was their exchange from January 29, 2020:

> SCHUPP: My question to you is, when we're talking about populations, what does 'one person, one vote' mean? And why are you using that to substitute for using the census data as the way we determine how a district is drawn? In other words, are we counting everyone, are we counting the people who live in a district that do have a vote, for a variety of reasons, including that they are not old enough, including that they are not citizens? Tell me what that means, how are we coming up with the population —
>
> HEGEMAN: What do you mean, noncitizens?
>
> SCHUPP: How are we coming up with the population, are you tying it to who votes?
>
> HEGEMAN: *We're looking at the people that vote. The people that are able to vote are the people that are counted. Not registered voters, but the opportunity to do that. (emphasis added)*

[2] Keith, Douglas. "Apportionment of State Legislatures, 1776-1920." *Brennan Center for Justice.* https://www.brennancenter.org/our-work/research-reports/apportionment-state-legislatures-1776-1920

Basing maps on the number of eligible voters — that is, on the citizen voting-age population of the state — would be a radical change from the standard Missouri has had on the books for (at least) the last 145 years.

Basing legislative maps on anything other than total population would be discriminatory. Testimony submitted to the General Assembly ahead of the House General Laws Committee hearing on SJR38 makes clear that any movement away from using total population would have a discriminatory impact on the representation for voters of color. In the testimony from the Missouri NAACP State Conference and Brennan Center for Justice:

> **Apportioning on the basis of citizen voting age population (CVAP)—or any basis narrower than total population—would be discriminatory.** Apportioning on the basis of CVAP would be discriminatory. The main proponent of CVAP-based apportionment was Thomas Hofeller, the architect behind racially discriminatory maps in North Carolina, Texas, Virginia, and other states, who explained in a memo made public after his death that apportioning on the basis of CVAP would be "advantageous to Republicans and Non-Hispanic whites."[3] Research proves that to be true in Missouri as well.
>
> Over 90 percent of the people excluded from Missouri's apportionment base under CVAP apportionment would be citizen children. Missouri's citizen children are not evenly distributed across the state—in fact, Missouri's communities of color skew younger than their white counterparts. As a result, these minority communities would suffer disproportionate representational losses if citizen children were excluded from the apportionment base.
>
> For white communities, only 21 percent of their population is under eighteen years of age. But households in Black and Latino communities tend to include more children, with 26.7 percent and 37 percent of their respective populations aged under eighteen. In other words, more than a quarter of Missouri's Black community and more than a third of the state's Latino community simply would not count under a CVAP-based apportionment. *(emphasis in original)*

Such an outcome would have a significant fiscal impact on the state of Missouri, on local governments, and on Missouri small businesses.

[3] *See* Exhibit D to Letter Motion to Compel Defendants to Show Cause, New York v. U.S. Dep't of Commerce, No. 18-cv-2921 (S.D.N.Y. May 31, 2019), ECF No. 595-1.

Basing legislative maps on anything other than total population would dramatically impact representation for political subdivisions.

As noted in the NAACP and Brennan Center testimony, removing more than 1.5 million Missourians from the population base for state house and state senate districts would have significant and profound consequences for political representation in Missouri, especially for communities with large numbers of children and communities of color which skew younger than their white counterparts.

Consider the Citizen Voting Age Population data from the Census Bureau's 2018 5-Year American Community Survey:

City	Total Residents	Citizens Over 18	Would Not Count
Kansas City	481,415	351,220	130,195
St. Louis	311,275	239,605	71,670
Springfield	166,635	133,445	33,190
Independence	117,205	87,980	29,225
Lee's Summit	96,325	68,630	27,695
Columbia	120,250	92,575	27,675
O'Fallon	86,340	60,835	25,505
St. Joseph	76,465	56,680	19,785
Blue Springs	54,370	38,420	15,950
St. Charles	69,575	54,770	14,805
Florissant	51,745	37,260	14,485
St. Peters	56,840	43,440	13,400
Chesterfield	47,665	34,980	12,685
Wentzville	37,485	24,935	12,550
Joplin	50,075	38,370	11,705
Wildwood	35,515	25,630	9,885
Jefferson City	43,015	33,275	9,740
Cape Girardeau	39,325	30,510	8,815
Ballwin	30,330	22,200	8,130
University City	34,655	26,555	8,100

The loss of representation would be especially profound in communities with many children. For instance:

- More than 1 in 3 residents of Carthage, Neosho and Wentzville would not count.
- More than 1 in 4 residents of Ballwin, Belton, Blue Springs, Bridgeton, Chesterfield, Creve Coeur, Dardenne Prairie, Eureka, Excelsior Springs, Ferguson, Florissant, Grain Valley, Grandview, Harrisonville, Jackson, Jennings, Kansas City, Kirkwood, Lebanon, Lee's Summit, Lemay, Manchester, Marshall, Maryland Heights, Mexico, Nixa, O'Fallon, Overland, Ozark, Poplar Bluff, Raymore, Republic, Rolla, Sedalia, Sikeston, Spanish Lake, St. Ann, St. Joseph, Troy, Union, Webb City, Webster Groves and Wildwood would not count.

This loss of representation would be significant and harmful to all of these communities.

Reducing the representation of a political subdivision would have significant consequences for the public policy of the state and the ability for Missourians to advocate for their interests.
Missouri counts everyone in state legislative districts now for good reason. "When people are excluded from the political process, they can't advocate for their own interests," writes Michael Latner of the Union of Concerned Scientists.[4]

David Kimball, Professor of Political Science at University of Missouri-St. Louis summarizes the academic research on what's at stake:

> A loss of representation in the legislature leads to a decline in state funding for affected counties and municipalities. This happened in the United States before court decisions in the 1960s required legislative districts to be equal in population. Prior to the court rulings many states, including Missouri, had malapportioned legislatures with districts of vastly different populations. In malapportioned legislatures "rotten boroughs" (districts with relatively few residents) received a disproportionate share of state funding (Ansolabehere, Gerber, and Snyder 2003).[5] After court rulings forced districts to be drawn with equal total population then state funding was distributed equally to local counties based on population (Ansolabehere and Snyder 2008).[6] More generally, **areas that lose representation in legislative bodies are at a disadvantage in the**

[4] Latner, Michael. 2019. "Our Unhealthy Democracy: How Voting Restrictions Harm Public Health—and What We Can Do About It." Cambridge, MA: Union of Concerned Scientists.
https://www.ucsusa.org/resources/our-unhealthy-democracy

[5] Ansolabehere, Stephen, Alan Gerber, and Jim Snyder. 2003. "Equal Votes, Equal Money: Court-Ordered Redistricting and Public Expenditures in the American States." American Political Science Review 96:767-777.

[6] Ansolabehere, Stephen, and James M. Snyder, Jr. 2008. The End of Inequality: One Person, One Vote and the Transformation of American Politics. New York: Norton.

distribution of government resources (Dragu and Rodden 2011[7]; Elis, Malhotra, and Meredith 2009).[8] The potential for unequal distribution of government resources is exacerbated in states like Missouri where legislators are elected from single member districts (Snyder and Ueda 2007).[9] **If SJR38 moves Missouri away from drawing legislative districts on the basis of total population then that will have a significant fiscal impact on local governments in Missouri**. (*emphasis added)*

Nicholas Stephanopoulos, Professor of Law at Harvard Law School echoes these thoughts: "Gerrymandering is not just about seats and votes; if you affect who gets elected, you affect which policies come out. Gerrymandering makes it possible to have a big distortion in what the public wants versus what the public gets."[10]

Underrepresented communities will receive less funding because they will be underrepresented in the General Assembly, and this will have significant long term implications for political subdivision budgets.

When states enact discriminatory policies, there are economic consequences: reduced tourism and business travel, threats of boycotts and actual boycotts, and new challenges for in-state business and universities trying to recruit talent.

When state legislatures pass discriminatory laws, there are significant economic consequences. SJR38 seeks to make Missouri the first state to move away from the current standard of counting everyone in redistricting. If it is passed and fully implemented, as Senator Hegeman articulated, we should expect a response from citizens, organizations, businesses and other governments that have the ability to redirect their travel, conference, and associated dollars. Consider:

- The Associated Press determined in 2017 that North Carolina's discriminatory House Bill 2 would cost the state more than $3.76 billion in lost economic activity over a dozen years because of a strong public response to the law.[11]

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[7] Dragu, Tiberiu, and Jonathan Rodden. 2011. "Representation and Redistribution in Federations." PNAS 108 (21):8601-8604.

[8] Elis, Roy, Neil Malhotra, and Marc Meredith. 2009. "Apportionment Cycles as Natural Experiments." Political Analysis 17:358-376.

[9] Snyder, Jim, and Michiko Ueda. 2007. "Do Multimember Districts Lead to Free-Riding?" Legislative Studies Quarterly 32:649-679.

[10] "Research Matters: Nicholas Stephanopoulos on 'Partisan Gerrymandering and the Efficiency Gap.'" *The University of Chicago Law School.* https://www.law.uchicago.edu/news/research-matters-nicholas-stephanopoulos-partisan-gerrymandering-and-efficiency-gap

[11] Dalesio, Emery and Jonathan Drew. "Price tag of North Carolina's LGBT law: $3.76B." *The Associated Press.* March 27, 2017. https://apnews.com/fa4528580f3e4a01bb68bcb272f1f0f8

- Arizona lost significant economic activity after its state legislature passed a controversial immigration bill. One study "found a $141 million hit to the convention and tourism industry in the four months after" the controversial law was signed.[12]
- Indiana's Religious Freedom Restoration Act (RFRA), enacted in 2015, would have allowed businesses to discriminate against its customers based on sexual orientation by shielding themselves with a claim of religious liberty. Its passage directly cost the City of Indianapolis upwards of $60 million as companies and conventions pulled out of the city and was estimated to cost the state approximately $256 million over six years.[13] Jurisdictions such as San Francisco, Seattle, Connecticut, and Washington also implemented boycotts of municipal funds spent in Indiana.[14] [15]
- Legislation in Texas targeting the LGBTQ community, such as a "bathroom bill" resembling House Bill 2 in North Carolina and a "religious liberty" bill similar to Indiana, put the state at risk of similar boycotts. The Texas Association of Business estimates that protests targeting Texas if such legislation passed could cost the state up to $8.5 billion and 185,000 jobs.[16]

Small business, local government budgets, and state government budgets are impacted when states enact discriminatory policies.

Based on the foregoing information, small businesses, local government budgets, and the state budget will be impacted in the following way.

Assumptions

- **A reduction of commerce and tourism would have a direct, tangible impact on sales tax and transient guest tax revenues.**

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[12] Peralta, Eyder. "In Wake Of Immigration Law, Boycott Cost Arizona Millions." *National Public Radio.* November 18, 2010.
https://www.npr.org/sections/thetwo-way/2010/11/18/131419707/in-wake-of-immigration-laws-boycott-cost-arizona-millions.

[13] McBride, Sarah and Laura E. Durso. "Indiana's Religious Freedom Restoration Act is Bad for Business". *Center For American Progress.* March 31, 2015.
https://www.americanprogress.org/issues/lgbtq-rights/news/2015/03/31/110232/indianas-religious-freedom-restoration-act-is-bad-for-business/.

[14] Quittner, Jeremy. "Indiana Proves Why Discrimination is Bad for Business". *INC*. Mar. 30, 2015.
https://www.inc.com/jeremy-quittner/business-pressure-mounts-against-indiana-over-discrimination-law.html

[15] Georgantopoulos, Mary Ann. "Boycott Against Indiana's Religious Freedom Law Grows Across U.S." *Buzzfeed News.* Apr. 1, 2015.
https://www.buzzfeednews.com/article/maryanngeorgantopoulos/here-are-the-celebrities-businesses-and-governments-boycotti

[16] "Keep Texas Open for Business: The Economic Impact of Discriminatory Legislation on the State of Texas" *Texas Association of Business.* https://www.courthousenews.com/wp-content/uploads/2017/01/Bathroom-study.pdf

- In Fiscal Year 2019, $2,237,149,579 in state revenue came from Sales and Use Tax.[17] If that was reduced by even 1%, that would mean a loss to the state of more than $22,000,000.
- For Fiscal Year 2020, Jackson County estimates that it will receive $49,434,000 in sales tax revenues.[18] If these are reduced by even 1% in FY2021 or FY2022, that would cost the County almost $500,000 per fiscal year.
- For Fiscal Year 2020, St. Louis County expects to receive $383,400,000 in sales taxes and $13,600,000 in lodging taxes.[19] If these are reduced by even 1% in FY2021 or FY2022, that would cost the county almost $4,000,000 per fiscal year.

- **The Committee on Legislative Research's fiscal note on SJR38[20] incorrectly assumes "the Nonpartisan State Demographer position will be eliminated if this joint resolution passes."** There is already a Missouri State Demographer working in the Office of Administration[21], and nothing in SJR38 would bring about the termination of this position. SJR38 would change the responsibilities of the position only.
- **The Missouri Ethics Commission estimated[22] in the fiscal note response for Initiative Petition 2018-048 that it would require up between $61,107 and $67,478 per year to inform impacted entities of changes to lobbyist gift rules and campaign finance rules.** SJR38 would change the lobbyist gift limit for $5 while maintaining exemptions in the state constitution for gift acceptance, and will change campaign contribution limits by $100 for state senate candidates only.
- **SJR38 significantly increases the number of partisan political appointees on both the house apportionment commission and the senatorial apportionment commission.** The existing senatorial apportionment commission will double in size, from 10 to 20 partisan commissioners. The existing house apportionment commission will increase from 16 to 20 partisan commissioners. The partisan commissions will now be required to meet as outlined in SJR38, and all 40 partisan commissioners will require reimbursement of expenses. This could be as much as $50,000 in FY2020 and $100,000 in FY2021.[23]

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[17] "Monthly General Revenue Report, Month Ended June 28, 2019." *Missouri Department of Revenue.*

[18] "2020 Jackson County Adopted Budget". https://www.jacksongov.org/1174/2020-Adopted-Budget

[19] "Executive Summary - 2020 Recommended Budget." *St. Louis County.* https://www.stlouisco.com/Portals/8/docs/document%20library/budget/2020/Recommended%20Budget/Executive%20Summary%20-%202020%20Recommended%20Budget.pdf

[20] SJR38 (2020), Fiscal Note, June 1, 2020

[21] Office of Administration, Division of Personnel https://oa.mo.gov/personnel/classification-specifications/0468

[22] Fiscal note for Initiative Petition 18-048, https://app.auditor.mo.gov/Repository/Notes/18-048.pdf

[23] SJR38 (2020), Fiscal Note, June 1, 2020

In Summary, if SJR38 passes the fiscal impact to state and local government budgets and small businesses could be significant.

State government entities will see annual operating costs increase by at least $61,000, will have decennial costs by up to $150,000 and will have a net fiscal impact starting in 2023 ranging from a loss of $22,000,000 to an unknown but significant loss of revenue annually. Local governments expect sales and use tax and transient guest tax revenue to decrease significantly starting in 2023. Local businesses project a significant negative impact on tourism and sales leading to an unknown decrease in revenue.

Respectfully submitted,

Sean Soendker Nicholson
510 E 115th Ter
Kansas City, MO 64131

Caroline Fan, Chief Strategy Officer, USAKO Group provided the following information:

The fiscal impact of SJR 38 would be significant and severely impact local governments, small businesses, and state revenues if the state changed the standard for redistricting from counting to all residents to a citizen voting age method, which has never been used.

She worked as the Immigration Policy Specialist for the Progressive States Network during the 2008-2009 legislative session, and worked with then Arizona State Rep. Kyrsten Sinema on opposing the predecessor to Arizona's SB 1070 which was a "papers please" bill that insisted on checking everyone's citizenship during routine stops. It did not pass that year because they made it known that the cost of lawsuits and boycotts against the state and the economic impact of such discriminatory legislation would be devastating during the '08 recession. In 2010, when it did pass, the bill cost the state an estimated $141 million in lost convention and tourism in the first four months alone. (https://www.eastvalleytribune.com/arizona/immigration/costly-sb-1070-brought-businesses-to-the-table/article_b506db80-6c53-11e0-8d84-001cc4c03286.html)

Now Missouri is posed to make the same type of mistake, by putting a first in the nation CVAP initiative on the ballot. **SJR 38 is far from budget neutral**, it will cause international corporations and startups to question whether they want to open branches and headquarters here. She now works in the startup world, where 55% of billion dollar startups have an immigrant founder or co-founder, according to Forbes. Missouri has done a decent job at trying to reposition itself as a startup hub within the Midwest. Arch Grants draws top talent from across the world to St. Louis with its non-dilutive $50,000 grants. According to state's own "Show Me Jobs" report, startups account for 44,000 jobs annually. But immigrants and refugees are not going to want to move to a state where their voices are not valued. She knows this because she has participated in trade missions to Asia, and hosted diplomats and international investors and businesspeople here, some of which has been covered by the St. Louis Business Journal (https://www.bizjournals.com/stlouis/news/2019/11/15/3-south-korean-startups-to-visit-st-louis-as-they.html.)

Separate from the impact that SJR 38 will have on startups, it will have a significant fiscal impact on small businesses in the state. The American Immigration Council report in 2018 (https://www.americanimmigrationcouncil.org/research/immigrants-in-missouri) found that 14,795 immigrant business owners accounted for 5 percent of all self-employed Missouri residents in 2018 and generated $397.7 million in business income. Additionally, **immigrant led households in the state had $6.8 billion in spending power (after-tax income) in 2018, contributing billions to the state's economy** as consumers. They can expect that a measure like SJR 38 will cause some entrepreneurs to leave the state, or to choose other places to set up businesses.

Furthermore, Immigrant-led households in the state paid (https://www.newamericaneconomy.org/locations/) $1.9 billion in federal taxes and $790.8 million in state and local taxes in 2018.

SJR 38 would also negatively impact the desire of international students to enroll in Missouri schools. Last week, Gov. Parson made an additional $41 million of cuts to higher education in the state, but the state's 23,014 international students here (#13 out of 50 states) had an economic impact of more than $627 million in 2018 according to the Institute for International Education. (https://dhewd.mo.gov/newsapp/newsitem/uuid/5cd3c806-0a4e-4bf1-87fc-145fa2edfe98) None of these international students would count for redistricting, and they are vital to our state's economy – those who stay open up small businesses.

In St. Louis County where she lives, 252,445 kids and noncitizens (25.3% of the population) would lose representation. In districts with high Asian American student enrollment, the percentage is even greater:

-Parkway C-2 School District: 37,917 residents would lose representation (26.4% of district population)

-Ladue School District: 8,609 (30.8%)

Finally, she is commenting as the wife of a physician who came here for his job at WashU/ Barnes, for a department that is #1 or #2 in his field nationally. But most medical workers who come here are not working jobs at that level. 28% of physicians are immigrants. Missouri has a gigantic shortage of physicians – so much so that the General Assembly enacted a bill in 2014 to make it easier for doctors to come here. Doctors and nurses are highly sought after and can have their choice of where to live and practice. All things being equal, why would they pick a state where they and their families are discriminated against? They wouldn't, and don't.

The fiscal impact of SJR38 would be significant for local governments, small businesses, and state revenues if any population standard other than total population is used for state legislative maps.

Otto Fajen, Legislative Director, Missouri National Education Association provided the following information:

Missouri National Education Association
1810 East Elm Street
Jefferson City, MO 65101

June 5, 2020

Office of the Missouri State Auditor
P.O. Box 869
Jefferson City, MO 65102

Dear Auditor Galloway:

SJR 38 would enact significantly discriminatory policies, leave minority communities more vulnerable during the redistricting process, and erase language expressly requiring that districts be established on the basis of total population. The national and international backlash from such a policy is likely to have a significant and adverse impact on the state's economy and reduce state and local government revenues.

Apportioning based on citizen voting-age population (CVAP)—or any basis narrower than total population—would be discriminatory. The leading proponent of CVAP-based apportionment was Thomas Hofeller, the architect behind racially discriminatory maps in North Carolina, Texas, Virginia, and other states, who explained in a memo made public after his death that apportioning based on CVAP would be "advantageous to Republicans and Non-Hispanic whites."

Over 90 percent of the people excluded from Missouri's apportionment base under CVAP apportionment would be ***citizen children***. Missouri's citizen children are not evenly distributed across the state, Missouri's communities of color skew younger than their white counterparts. As a result, these minority communities would suffer disproportionate representational losses if citizen children were excluded from the apportionment base.

Even if Missouri were to institute an apportionment base that did not exclude children, apportioning on the basis of citizens alone would also be discriminatory. Cutting out noncitizens while including citizen children would render the purported justification—counting only the "people that are able to vote"— mere pretext. Considering that noncitizens—like many other constituents—pay taxes, contribute to their communities, raise citizen children, and may soon become voters themselves, there is no plausible justification for a citizen-based apportionment other than discriminatory anti-immigrant sentiment.

States that adopt such blatantly discriminatory policies are likely to see severe reactions that adversely affect the state, its economy, and its government. Enactment of overtly discriminatory policies can lead companies to abort current plans to locate new business sites within the state and to rule the state out of future consideration for business expansion. This costs the state economy the direct jobs of the new business, indirect growth from supporting businesses, and the increased economic effect of those supporting businesses in the remainder of the economy. The loss of a new employer's 500-job site will likely cost the state about $200 million in economic activity and could cost the state several million dollars in payroll taxes.

Further, the tourism industry, in particular, representing a very significant $17 billion out of Missouri's roughly $300 billion economy, may be targeted with convention, travel, and tourism boycotts if the state adopts a discriminatory policy. A 10% reduction in the tourism sector would represent a loss of $1.7 billion in economic activity and would have a noticeable impact on Missouri workers, related businesses, and state and local governments.

Finally, this discriminatory redistricting policy is likely to reduce state funding for affected counties and municipalities with a greater proportion of the uncounted total population. Areas that lose representation or have diluted representation are at risk of receiving a lesser distribution of public funds and services. The skewed representation that SJR 38 could create is analogous to what happened in Missouri and other states before court action requiring legislative districts to be equal in population. With districts representing significantly different populations, those jurisdictions with more uncounted residents are likely to be at a disadvantage and experience an adverse fiscal impact over the long term. ***When children do not count the cost to local governments and neighborhood schools are significant.***

A comprehensive analysis of the fiscal impact of SJR 38 should give due consideration to the likelihood of the adverse impacts caused by these reactions.

Respectfully submitted,

Otto Fajen
Legislative Director
Missouri National Education Association

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities expect no cost or savings. Individual local governmental entities expect significant decreased revenues of a total unknown amount.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

May 30, 2019

RECEIVED
MAY 30 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Fiscal Note and Fiscal Note Summary Request for Senate Substitute for Senate Committee Substitute for Senate Joint Resolution Nos. 14 & 9

Dear Ms. Galloway:

Enclosed please find a copy of Senate Substitute for Senate Committee Substitute for Senate Joint Resolution Nos. 14 & 9 that was received by our office.

We are referring the enclosed joint resolution to you for the purposes of preparing a fiscal note and fiscal note summary in accordance with Sections 116.160.1, 116.170 and 116.175, RSMo. As you are aware, the fiscal note and fiscal note summary are required to be forwarded by you to our office within thirty days of receipt of the joint resolution, pursuant to Section 116.170, RSMo.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft
Secretary of State

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

FIRST REGULAR SESSION

[TRULY AGREED TO AND FINALLY PASSED]

SENATE SUBSTITUTE FOR

SENATE COMMITTEE SUBSTITUTE FOR

SENATE JOINT RESOLUTION NOS. 14 & 9

100TH GENERAL ASSEMBLY

2019

0508S.04T

JOINT RESOLUTION

Submitting to the qualified voters of Missouri, an amendment to article VII of the Constitution of Missouri, by adding thereto one new section relating to the limitation of terms served by certain elected officers.

Be it resolved by the Senate, the House of Representatives concurring therein:

That at the next general election to be held in the state of Missouri, on Tuesday next following the first Monday in November, 2020, or at a special election to be called by the governor for that purpose, there is hereby submitted to the qualified voters of this state, for adoption or rejection, the following amendment to article VII of the Constitution of the state of Missouri:

Section A. Article VII, Constitution of Missouri, is amended by adding thereto one new section, to be known as section 15, to read as follows:

Section 15. No person shall be elected governor, lieutenant governor, secretary of state, state auditor, state treasurer, or attorney general more than twice, and no person who has held the office of governor, lieutenant governor, secretary of state, state auditor, state treasurer, or attorney general, or acted as governor, lieutenant governor, secretary of state, state auditor, state treasurer, or attorney general, for more than two years of a term to which some other person was elected to such office shall be elected to that same office more than once. This subsection shall supersede the provisions of Article IV, Section 17 that relate to term limitations, provided that service in the offices of governor or state treasurer resulting from an election or appointment, or in the case of the governor succession to office, prior

to December 3, 2020, shall count towards the limitations provided in this subsection.

President of the Senate

Speaker of the House of Representatives

RECEIVED
MAY 29 2019
SECRETARY OF STATE
CAPITOL OFFICE

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-SJR 14 & 9)

Subject

Truly Agreed To and Finally Passed Senate Substitute for Senate Committee Substitute for Senate Joint Resolution Nos. 14 & 9. (Received May 30, 2019)

Date

June 19, 2019

Description

This proposal would amend Article VII of the Constitution of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Lieutenant Governor's office,** and the **State Auditor's office.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated no cost to their department.

Officials from the **Department of Higher Education** indicated no impact for these Senate Joint Resolutions (SJRs) 14 & 9.

Officials from the **Department of Health and Senior Services** indicated this initiative petition will have no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated if passed, it will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated Senate Substitute for Senate Committee Substitute for Senate Joint Resolution Nos. 14 & 9 does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this joint resolution will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated this SJR will not fiscally impact their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this Senate Joint Resolution would have no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal amends Article VII of the Constitution of Missouri by adding Section 15 which limits the terms for the offices of Governor, Lieutenant Governor, Secretary of State, State Auditor, State Treasurer, and Attorney General. This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Joint Resolutions proposing a constitutional amendment are submitted to a vote of the people at the next general election. Article XII section 2(b) of the Missouri Constitution authorizes the governor to order a special election for constitutional amendments referred to the people. If a special election is called to submit a Joint Resolution to a vote of the people, section 115.063.2 RSMo requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year (FY) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. Their office estimates $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated Senate Joint Resolution Nos. 14 and 9 to amend Article VII, regarding elected officials terms, will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for SJR Nos. 14 & 9 proposing to amend Article VII.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated while they don't see any substantial fiscal effect on their school from this resolution, they are not sure that term limits has had its desired effect, unless attaining a lobbyist position was indeed the original desired outcome.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from the **State Auditor's office** indicated this proposal should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

The State Auditor's office did not receive a response from the **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Metropolitan Community College, University of Missouri, St. Louis Community College,** and the **Lieutenant Governor's office.**

Fiscal Note Summary

State and local governmental entities estimate no costs or savings from this proposal.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 3, 2019

RECEIVED
JUN 03 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Lowell Pearson regarding a proposed referendum petition for Senate Substitute for Senate Committee Substitute for House Bill 126, version 2 (2020-R003)

Dear Auditor Galloway:

Enclosed please find a referendum petition sample sheet for Senate Substitute for Senate Committee Substitute for House Bill 126 filed by Lowell Pearson on May 31, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

STAPLE HERE

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any referendum petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County

PETITION FOR REFERENDUM

Page No.

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and_____County (or City of St. Louis), respectfully order that Senate Substitute for Senate Committee Substitute for House Bill No. 126, entitled "AN ACT To repeal sections 135.630, 188.010, 188.015, 188.027, 188.028, 188.043, and 188.052, RSMo, and to enact in lieu thereof seventeen new sections relating to abortion, with penalty provisions, a contingent effective date for a certain section, and an emergency clause for a certain section," passed by the 100th general assembly of the state of Missouri, at the first regular session of the 100th general assembly, shall be referred to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, unless the general assembly shall designate another date, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and_____County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

M0000001

RECEIVED
2019 MAY 31 PM 1:5[illegible]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF_____I,_____being first duly sworn, say (print names of signers)

	Signature	Date Signed	Registered Voting Address	Zip Code	Cong. District	Printed First and Last Name
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____County (or City of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do____do not____(check one) expect to be paid for circulating this petition. If paid, list the payer:_____

Subscribed and sworn to before me this_____day of_____, A.D.

Signature of Affiant (Person obtaining signatures)

Street Address of Affiant

(Seal)

Printed Name of Affiant

City, State and Zip Code of Affiant

Signature of Notary

Address of Notary

FIRST REGULAR SESSION

[TRULY AGREED TO AND FINALLY PASSED]

SENATE SUBSTITUTE FOR

SENATE COMMITTEE SUBSTITUTE FOR

HOUSE BILL NO. 126

100TH GENERAL ASSEMBLY

0461S.18T 2019

AN ACT

To repeal sections 135.630, 188.010, 188.015, 188.027, 188.028, 188.043, and 188.052, RSMo, and to enact in lieu thereof seventeen new sections relating to abortion, with penalty provisions, a contingent effective date for a certain section, and an emergency clause for a certain section.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 135.630, 188.010, 188.015, 188.027, 188.028, 188.043, and 188.052, RSMo, are repealed and seventeen new sections enacted in lieu thereof, to be known as sections 135.630, 188.010, 188.015, 188.017, 188.018, 188.026, 188.027, 188.028, 188.033, 188.038, 188.043, 188.044, 188.052, 188.056, 188.057, 188.058, and 188.375, to read as follows:

135.630. 1. As used in this section, the following terms mean:

(1) "Contribution", a donation of cash, stock, bonds, or other marketable securities, or real property;

(2) "Director", the director of the department of social services;

(3) "Pregnancy resource center", a nonresidential facility located in this state:

(a) Established and operating primarily to provide assistance to women **and families** with crisis pregnancies or unplanned pregnancies by offering pregnancy testing, counseling, emotional and material support, and other similar services **or by offering services as described**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

under subsection 2 of section 188.325, to encourage and assist such women **and families** in carrying their pregnancies to term; and

(b) Where childbirths are not performed; and

(c) Which does not perform, induce, or refer for abortions and which does not hold itself out as performing, inducing, or referring for abortions; and

(d) Which provides direct client services at the facility, as opposed to merely providing counseling or referral services by telephone; and

(e) Which provides its services at no cost to its clients; and

(f) When providing medical services, such medical services must be performed in accordance with Missouri statute; and

(g) Which is exempt from income taxation pursuant to the Internal Revenue Code of 1986, as amended;

(4) "State tax liability", in the case of a business taxpayer, any liability incurred by such taxpayer pursuant to the provisions of chapters 143, 147, 148, and 153, excluding sections 143.191 to 143.265 and related provisions, and in the case of an individual taxpayer, any liability incurred by such taxpayer pursuant to the provisions of chapter 143, excluding sections 143.191 to 143.265 and related provisions;

(5) "Taxpayer", a person, firm, a partner in a firm, corporation, or a shareholder in an S corporation doing business in the state of Missouri and subject to the state income tax imposed by the provisions of chapter 143, or a corporation subject to the annual corporation franchise tax imposed by the provisions of chapter 147, or an insurance company paying an annual tax on its gross premium receipts in this state, or other financial institution paying taxes to the state of Missouri or any political subdivision of this state pursuant to the provisions of chapter 148, or an express company which pays an annual tax on its gross receipts in this state pursuant to chapter 153, or an individual subject to the state income tax imposed by the provisions of chapter 143, or any charitable organization which is exempt from federal income tax and whose Missouri unrelated business taxable income, if any, would be subject to the state income tax imposed under chapter 143.

2. (1) Beginning on March 29, 2013, any contribution to a pregnancy resource center made on or after January 1, 2013, shall be eligible for tax credits as provided by this section.

(2) For all tax years beginning on or after January 1, 2007, **and ending on or before December 31, 2020,** a taxpayer shall be allowed to claim a tax credit against the taxpayer's state tax liability in an amount equal to fifty percent of the amount such taxpayer contributed to a pregnancy resource center. **For all tax years beginning on or after January 1, 2021, a taxpayer shall be allowed to claim a tax credit against the taxpayer's state tax liability in**

an amount equal to seventy percent of the amount such taxpayer contributed to a pregnancy resource center.

3. The amount of the tax credit claimed shall not exceed the amount of the taxpayer's state tax liability for the tax year for which the credit is claimed, and such taxpayer shall not be allowed to claim a tax credit in excess of fifty thousand dollars per tax year. However, any tax credit that cannot be claimed in the tax year the contribution was made may be carried over only to the next succeeding tax year. No tax credit issued under this section shall be assigned, transferred, or sold.

4. Except for any excess credit which is carried over pursuant to subsection 3 of this section, a taxpayer shall not be allowed to claim a tax credit unless the total amount of such taxpayer's contribution or contributions to a pregnancy resource center or centers in such taxpayer's tax year has a value of at least one hundred dollars.

5. The director shall determine, at least annually, which facilities in this state may be classified as pregnancy resource centers. The director may require of a facility seeking to be classified as a pregnancy resource center whatever information which is reasonably necessary to make such a determination. The director shall classify a facility as a pregnancy resource center if such facility meets the definition set forth in subsection 1 of this section.

6. The director shall establish a procedure by which a taxpayer can determine if a facility has been classified as a pregnancy resource center. Pregnancy resource centers shall be permitted to decline a contribution from a taxpayer. The cumulative amount of tax credits which may be claimed by all the taxpayers contributing to pregnancy resource centers in any one fiscal year shall not exceed two million dollars for all fiscal years ending on or before June 30, 2014, and two million five hundred thousand dollars for all fiscal years beginning on or after July 1, 2014, and ending on or before June 30, 2019, and three million five hundred thousand dollars for all fiscal years beginning on or after July 1, 2019**, and ending on or before June 30, 2021. For all fiscal years beginning on or after July 1, 2021, there shall be no limit imposed on the cumulative amount of tax credits that may be claimed by all taxpayers contributing to pregnancy resource centers under the provisions of this section**. Tax credits shall be issued in the order contributions are received. If the amount of tax credits redeemed in a fiscal year is less than the cumulative amount authorized under this subsection, the difference shall be carried over to a subsequent fiscal year or years and shall be added to the cumulative amount of tax credits that may be authorized in that fiscal year or years.

7. **For all fiscal years ending on or before June 30, 2021,** the director shall establish a procedure by which, from the beginning of the fiscal year until some point in time later in the fiscal year to be determined by the director, the cumulative amount of tax credits are equally apportioned among all facilities classified as pregnancy resource centers. If a pregnancy resource

center fails to use all, or some percentage to be determined by the director, of its apportioned tax credits during this predetermined period of time, the director may reapportion these unused tax credits to those pregnancy resource centers that have used all, or some percentage to be determined by the director, of their apportioned tax credits during this predetermined period of time. The director may establish more than one period of time and reapportion more than once during each fiscal year. To the maximum extent possible, the director shall establish the procedure described in this subsection in such a manner as to ensure that taxpayers can claim all the tax credits possible up to the cumulative amount of tax credits available for the fiscal year.

8. Each pregnancy resource center shall provide information to the director concerning the identity of each taxpayer making a contribution to the pregnancy resource center who is claiming a tax credit pursuant to this section and the amount of the contribution. The director shall provide the information to the director of revenue. The director shall be subject to the confidentiality and penalty provisions of section 32.057 relating to the disclosure of tax information.

9. **[**~~Under section 23.253 of the Missouri sunset act:~~

~~(1) The provisions of the program authorized under this section shall automatically sunset on December thirty-first six years after August 28, 2018, unless reauthorized by an act of the general assembly;~~

~~(2) If such program is reauthorized, the program authorized under this section shall automatically sunset on December thirty-first six years after the effective date of the reauthorization of this section;~~

~~(3) This section shall terminate on September first of the calendar year immediately following the calendar year in which a program authorized under this section is sunset; and~~

~~(4) The provisions of this subsection shall not be construed to limit or in any way impair the department's ability to issue tax credits authorized on or before the date the program authorized under this section expires or a taxpayer's ability to redeem such tax credits.~~**] The provisions of section 23.253 shall not apply to this section.**

188.010. **In recognition that Almighty God is the author of life , that all men and women are "endowed by their Creator with certain unalienable Rights, that among these are Life", and that article I, section 2 of the Constitution of Missouri provides that all persons have a natural right to life,** it is the intention of the general assembly of the state of Missouri to **[**~~grant~~**]**:

(1) Defend the right to life **[**~~to~~**]** **of** all humans, born and unborn**[**~~, and to~~**]**;

(2) Declare that the state and all of its political subdivisions are a "sanctuary of life" that protects pregnant women and their unborn children; and

(3) Regulate abortion to the full extent permitted by the Constitution of the United States, decisions of the United States Supreme Court, and federal statutes.

188.015. As used in this chapter, the following terms mean:

(1) "Abortion":

(a) The act of using or prescribing any instrument, device, medicine, drug, or any other means or substance with the intent to destroy the life of an embryo or fetus in his or her mother's womb; or

(b) The intentional termination of the pregnancy of a mother by using or prescribing any instrument, device, medicine, drug, or other means or substance with an intention other than to increase the probability of a live birth or to remove a dead [~~or dying~~] unborn child;

(2) "Abortion facility", a clinic, physician's office, or any other place or facility in which abortions are performed or induced other than a hospital;

(3) "Conception", the fertilization of the ovum of a female by a sperm of a male;

(4) "Department", the department of health and senior services;

(5) **"Down Syndrome", the same meaning as defined in section 191.923;**

(6) "Gestational age", length of pregnancy as measured from the first day of the woman's last menstrual period;

[~~(6)~~] **(7)** "Medical emergency", a condition which, based on reasonable medical judgment, so complicates the medical condition of a pregnant woman as to necessitate the immediate abortion of her pregnancy to avert the death of the pregnant woman or for which a delay will create a serious risk of substantial and irreversible physical impairment of a major bodily function of the pregnant woman;

[~~(7)~~] **(8)** "Physician", any person licensed to practice medicine in this state by the state board of registration for the healing arts;

[~~(8)~~] **(9)** "Reasonable medical judgment", a medical judgment that would be made by a reasonably prudent physician, knowledgeable about the case and the treatment possibilities with respect to the medical conditions involved;

[~~(9)~~] **(10)** "Unborn child", the offspring of human beings from the moment of conception until birth and at every stage of its biological development, including the human conceptus, zygote, morula, blastocyst, embryo, and fetus;

[~~(10)~~] **(11)** "Viability" or "viable", that stage of fetal development when the life of the unborn child may be continued indefinitely outside the womb by natural or artificial life-supportive systems**;**

(12) "Viable pregnancy" or "viable intrauterine pregnancy", in the first trimester of pregnancy, an intrauterine pregnancy that can potentially result in a liveborn baby.

188.017. 1. This section shall be known and may be cited as the "Right to Life of the Unborn Child Act".

2. Notwithstanding any other provision of law to the contrary, no abortion shall be performed or induced upon a woman, except in cases of medical emergency. Any person who knowingly performs or induces an abortion of an unborn child in violation of this subsection shall be guilty of a class B felony, as well as subject to suspension or revocation of his or her professional license by his or her professional licensing board. A woman upon whom an abortion is performed or induced in violation of this subsection shall not be prosecuted for a conspiracy to violate the provisions of this subsection.

3. It shall be an affirmative defense for any person alleged to have violated the provisions of subsection 2 of this section that the person performed or induced an abortion because of a medical emergency. The defendant shall have the burden of persuasion that the defense is more probably true than not.

188.018. If any one or more provisions, sections, subsections, sentences, clauses, phrases, or words of this chapter or the application thereof to any person, circumstance, or period of gestational age is found to be unenforceable, unconstitutional, or invalid by a court of competent jurisdiction, the same is hereby declared to be severable and the balance of this chapter shall remain effective notwithstanding such unenforceability, unconstitutionality, or invalidity. The general assembly hereby declares that it would have passed each provision, section, subsection, sentence, clause, phrase, or word thereof, irrespective of the fact that any one or more provisions, sections, subsections, sentences, clauses, phrases, or words of this chapter, or the application of this chapter to any person, circumstance, or period of gestational age, would be declared unenforceable, unconstitutional, or invalid.

188.026. 1. This section and sections 188.056, 188.057, and 188.058 shall be known and may be cited as the "Missouri Stands for the Unborn Act".

2. In Roe v. Wade, 410 U.S. 113 (1973), certain information about the development of the unborn child, human pregnancy, and the effects of abortion was either not part of the record or was not available at the time. Since 1973, advances in medical and scientific technology have greatly expanded our knowledge of prenatal life and the effects of abortion on women. The general assembly of this state finds:

(1) At conception, a new genetically distinct human being is formed;

(2) The fact that the life of an individual human being begins at conception has long been recognized in Missouri law: "[T]he child is, in truth, alive from the moment of conception". State v. Emerich, 13 Mo. App. 492, 495 (1883), affirmed, 87 Mo. 110 (1885). Under section 1.205, the general assembly has recognized that the life of each human being

begins at conception and that unborn children have protectable interests in life, health, and well-being;

(3) The first prohibition of abortion in Missouri was enacted in 1825. Since then, the repeal and reenactment of prohibitions of abortion have made distinctions with respect to penalties for performing or inducing abortion on the basis of "quickening"; however, the unborn child was still protected from conception onward;

(4) In ruling that Missouri's prohibition on abortion was constitutional in 1972, the Missouri supreme court accepted as a stipulation of the parties that "'[i]nfant Doe, Intervenor Defendant in this case, and all other unborn children have all the qualities and attributes of adult human persons differing only in age or maturity. Medically, human life is a continuum from conception to death.'" Rodgers v. Danforth, 486 S.W.2d 258, 259 (1972);

(5) In Webster v. Reproductive Health Services, 492 U.S. 490 (1989), the Supreme Court, while considering the "preamble" that set forth "findings" in section 1.205, stated: "We think the extent to which the preamble's language might be used to interpret other state statutes or regulations is something that only the courts of Missouri can definitively decide. State law has offered protections to unborn children in tort and probate law". Id. at 506. Since *Webster*, Missouri courts have construed section 1.205 and have consistently found that an unborn child is a person for purposes of Missouri's homicide and assault laws when the unborn child's mother was killed or assaulted by another person. Section 1.205 has even been found applicable to the manslaughter of an unborn child who was eight weeks gestational age or earlier. State v. Harrison, 390 S.W.3d 927 (Mo. Ct. App. 2013);

(6) In medicine, a special emphasis is placed on the heartbeat. The heartbeat is a discernible sign of life at every stage of human existence. During the fifth week of gestational age, an unborn child's heart begins to beat and blood flow begins during the sixth week;

(7) Depending on the ultrasound equipment being used, the unborn child's heartbeat can be visually detected as early as six to eight weeks gestational age. By about twelve weeks gestational age, the unborn child's heartbeat can consistently be made audible through the use of a handheld Doppler fetal heart rate device;

(8) Confirmation of a pregnancy can be indicated through the detection of the unborn child's heartbeat, while the absence of a heartbeat can be an indicator of the death of the unborn child if the child has reached the point of development when a heartbeat should be detectable;

(9) Heart rate monitoring during pregnancy and labor is utilized to measure the heart rate and rhythm of the unborn child, at an average rate between one hundred ten and one hundred sixty beats per minute, and helps determine the health of the unborn child;

(10) The Supreme Court in *Roe* discussed "the difficult question of when life begins" and wrote: "[p]hysicians and their scientific colleagues have regarded [quickening] with less interest and have tended to focus either upon conception, upon live birth, or upon the interim point at which the fetus becomes 'viable', that is, potentially able to live outside the mother's womb, albeit with artificial aid". *Roe*, 410 U.S. at 160. Today, however, physicians' and scientists' interests on life in the womb also focus on other markers of development in the unborn child, including, but not limited to, presence of a heartbeat, brain development, a viable pregnancy or viable intrauterine pregnancy during the first trimester of pregnancy, and the ability to experience pain;

(11) In Planned Parenthood of Central Missouri v. Danforth, 428 U.S. 52 (1976), the Supreme Court noted that "we recognized in *Roe* that viability was a matter of medical judgment, skill, and technical ability, and we preserved the flexibility of the term". Id. at 64. Due to advances in medical technology and diagnoses, present-day physicians and scientists now describe the viability of an unborn child in an additional manner, by determining whether there is a viable pregnancy or viable intrauterine pregnancy during the first trimester of pregnancy;

(12) While the overall risk of miscarriage after clinical recognition of pregnancy is twelve to fifteen percent, the incidence decreases significantly if cardiac activity in the unborn child has been confirmed. The detection of a heartbeat in an unborn child is a reliable indicator of a viable pregnancy and that the unborn child will like ly survive to birth, especially if presenting for a prenatal visit at eight weeks gestational age or later. For asymptomatic women attending a first prenatal visit between six and eleven weeks gestational age where a heartbeat was confirmed through an ultrasound, the subsequent risk of miscarriage is one and six-tenths percent. Although the risk is higher at six weeks gestational age at nine and four-tenths percent, it declines rapidly to one and five-tenths percent at eight weeks gestational age, and less than one percent at nine weeks gestational age or later;

(13) The presence of a heartbeat in an unborn child represents a more definable point of ascertaining survivability than the ambiguous concept of viability that has been adopted by the Supreme Court, especially since if a heartbeat is detected at eight weeks gestational age or later in a normal pregnancy, there is likely to be a viable pregnancy and there is a high probability that the unborn child will survive to birth;

(14) The placenta begins developing during the early first trimester of pregnancy and performs a respiratory function by making oxygen supply to and carbon dioxide removal from the unborn child possible later in the first trimester and throughout the second and third trimesters of pregnancy;

(15) By the fifth week of gestation, the development of the brain of the unborn child is underway. Brain waves have been measured and recorded as early as the eighth week of gestational age in children who were removed during an ectopic pregnancy or hysterectomy. Fetal magnetic resonance imaging (MRI) of an unborn child's brain is used during the second and third trimesters of pregnancy and brain activity has been observed using MRI;

(16) Missouri law identifies the presence of circulation, respiration, and brain function as indicia of life under section 194.005, as the presence of circulation, respiration, and brain function indicates that such person is not legally dead, but is legally alive;

(17) Unborn children at eight weeks gestational age show spontaneous movements, such as a twitching of the trunk and developing limbs. It has been reported that unborn children at this stage show reflex responses to touch. The perioral area is the first part of the unborn child's body to respond to touch at about eight weeks gestational age and by fourteen weeks gestational age most of the unborn child's body is responsive to touch;

(18) Peripheral cutaneous sensory receptors, the receptors that feel pain, develop early in the unborn child. They appear in the perioral cutaneous area at around seven to eight weeks gestational age, in the palmar regions at ten to ten and a half weeks gestational age, the abdominal wall at fifteen weeks gestational age, and over all of the unborn child's body at sixteen weeks gestational age;

(19) Substance P, a peptide that functions as a neurotransmitter, especially in the transmission of pain, is present in the dorsal horn of the spinal cord of the unborn child at eight to ten weeks gestational age. Enkephalins, peptides that play a role in neurotransmission and pain modulation, are present in the dorsal horn at twelve to fourteen weeks gestational age;

(20) When intrauterine needling is performed on an unborn child at sixteen weeks gestational age or later, the reaction to this invasive stimulus is blood flow redistribution to the brain. Increased blood flow to the brain is the same type of stress response seen in a born child and an adult;

(21) By sixteen weeks gestational age, pain transmission from a peripheral receptor to the cortex is possible in the unborn child;

(22) Physicians provide anesthesia during in utero treatment of unborn children as early as sixteen weeks gestational age for certain procedures, including those to correct

fetal urinary tract obstruction. Anesthesia is administered by ultrasound-guided injection into the arm or leg of the unborn child;

(23) A leading textbook on prenatal development of the human brain states, "It may be concluded that, although nociperception (the actual perception of pain) awaits the appearance of consciousness, nociception (the experience of pain) is present some time before birth. In the absence of disproof, it is merely prudent to assume that pain can be experienced even early in prenatal life (Dr. J. Wisser, Zürich): the fetus should be given the benefit of the doubt". Ronan O'Rahilly & Fabiola Müller. The Embryonic Human Brain: An Atlas of Developmental Stages (3d ed. 2005);

(24) By fourteen or fifteen weeks gestational age or later, the predominant abortion method in Missouri is dilation and evacuation (D & E). The D & E abortion method includes the dismemberment, disarticulation, and exsanguination of the unborn child, causing the unborn child's death;

(25) The Supreme Court acknowledged in Gonzales v. Carhart, 550 U.S. 124, 160 (2007), that "the standard D & E is in some respects as brutal, if not more, than the intact D & E" partial birth abortion method banned by Congress and upheld as facially constitutional by the Supreme Court, even though the federal ban was applicable both before and after viability and had no exception for the health of the mother;

(26) Missouri's ban on the partial birth abortion method, section 565.300, is in effect because of Gonzales v. Carhart and the Supreme Court's subsequent decision in Nixon v. Reproductive Health Services of Planned Parenthood of the St. Louis Region, Inc., 550 U.S. 901 (2007), to vacate and remand to the appellate court the prior invalidation of section 565.300. Since section 565.300, like Congress' ban on partial birth abortion, is applicable both before and after viability, there is ample precedent for the general assembly to constitutionally prohibit the brutal D & E abortion method at fourteen weeks gestational age or later, even before the unborn child is viable, with a medical emergency exception;

(27) In Roper v. Simmons, 543 U.S. 551 (2005), the Supreme Court determined that "evolving standards of decency" dictated that a Missouri statute allowing the death penalty for a conviction of murder in the first degree for a person under eighteen years of age when the crime was committed was unconstitutional under the Eighth and Fourteenth Amendments to the United States Constitution because it violated the prohibition against "cruel and unusual punishments";

(28) In Bucklew v. Precythe, 139 S. Ct. 1112, 1123 (2019), the Supreme Court noted that "'[d]isgusting' practices" like disemboweling and quartering "readily qualified as

'cruel and unusual', as a reader at the time of the Eighth Amendment's adoption would have understood those words";

(29) Evolving standards of decency dictate that Missouri should prohibit the brutal and painful D & E abortion method at fourteen weeks gestational age or later, with a medical emergency exception, because if a comparable method of killing was used on:

(a) A person convicted of murder in the first degree, it would be cruel and unusual punishment; or

(b) An animal, it would be unlawful under state law because it would not be a humane method, humane euthanasia, or humane killing of certain animals under chapters 273 and 578;

(30) In *Roper*, the Supreme Court also found that "[i]t is proper that we acknowledge the overwhelming weight of international opinion against the juvenile death penalty.... The opinion of the world community, while not controlling our outcome, does provide respected and significant confirmation for our own conclusions". *Roper*, 543 U.S. at 578. In its opinion, the Supreme Court was instructed by "international covenants prohibiting the juvenile death penalty", such as the International Covenant on Civil and Political Rights, 999 U.N.T.S. 171. Id. at 577;

(31) The opinion of the world community, reflected in the laws of the United Nation's 193-member states and six other entities, is that in most countries, most abortions are prohibited after twelve weeks gestational age or later;

(32) The opinion of the world community is also shared by most Americans, who believe that most abortions in the second and third trimesters of pregnancy should be illegal, based on polling that has remained consistent since 1996;

(33) Abortion procedures performed later in pregnancy have a higher medical risk for women. Compared to an abortion at eight weeks gestational age or earlier, the relative risk increases exponentially at later gestational ages. The relative risk of death for a pregnant woman who had an abortion performed or induced upon her at:

(a) Eleven to twelve weeks gestational age is between three and four times higher than an abortion at eight weeks gestational age or earlier;

(b) Thirteen to fifteen weeks gestational age is almost fifteen times higher than an abortion at eight weeks gestational age or earlier;

(c) Sixteen to twenty weeks gestational age is almost thirty times higher than an abortion at eight weeks gestational age or earlier; and

(d) Twenty-one weeks gestational age or later is more than seventy-five times higher than an abortion at eight weeks gestational age or earlier;

(34) In addition to the short-term risks of an abortion, studies have found that the long-term physical and psychological consequences of abortion for women include, but are not limited to, an increased risk of preterm birth, low birthweight babies, and placenta previa in subsequent pregnancies, as well as serious behavioral health issues. These risks increase as abortions are performed or induced at later gestational ages. These consequences of an abortion have a detrimental effect not only on women, their children, and their families, but also on an already burdened health care system, taxpayers, and the workforce;

(35) A large percentage of women who have an abortion performed or induced upon them in Missouri each year are at less than eight weeks gestational age, a large majority are at less than fourteen weeks gestational age, a larger majority are at less than eighteen weeks gestational age, and an even larger majority are at less than twenty weeks gestational age. A prohibition on performing or inducing an abortion at eight weeks gestational age or later, with a medical emergency exception, does not amount to a substantial obstacle to a large fraction of women for whom the prohibition is relevant, which is pregnant women in Missouri who are seeking an abortion while not experiencing a medical emergency. The burden that a prohibition on performing or inducing an abortion at eight, fourteen, eighteen, or twenty weeks gestational age or later, with a medical emergency exception, might impose on abortion access, is outweighed by the benefits conferred upon the following:

(a) Women more advanced in pregnancy who are at greater risk of harm from abortion;

(b) Unborn children at later stages of development;

(c) The medical profession, by preserving its integrity and fulfilling its commitment to do no harm; and

(d) Society, by fostering respect for human life, born and unborn, at all stages of development, and by lessening societal tolerance of violence against innocent human life;

(36) In *Webster*, the Supreme Court noted, in upholding a Missouri statute, "that there may be a 4-week error in estimating gestational age". *Webster*, 492 U.S. at 516. Thus, an unborn child thought to be eight weeks gestational age might in fact be twelve weeks gestational age, when an abortion poses a greater risk to the woman and the unborn child is considerably more developed. An unborn child at fourteen weeks gestational age might be eighteen weeks gestational age and an unborn child at eighteen weeks gestational age might be twenty-two weeks gestational age, when an abortion poses a greater risk to the woman, the unborn child is considerably more developed, the abortion method likely to be employed is more brutal, and the risk of pain experienced by the unborn child is

greater. An unborn child at twenty weeks gestational age might be twenty-four weeks gestational age, when an abortion poses a greater risk to the woman, the unborn child is considerably more developed, the abortion method likely to be employed is more brutal, the risk of pain experienced by the unborn child is greater, and the unborn child may be viable.

3. The state of Missouri is bound by Article VI, Clause 2 of the Constitution of the United States that "all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land". One such treaty is the International Covenant on Civil and Political Rights, entered into force on March 23, 1976, and adopted by the United States on September 8, 1992. In ratifying the Covenant, the United States declared that while the provisions of Articles 1 through 27 of the Covenant are not self-executing, the United States' understanding is that state governments share responsibility with the federal government in implementing the Covenant.

4. Article 6, Paragraph 1, U.N.T.S. at 174, of the International Covenant on Civil and Political Rights states, "Every human being has the inherent right to life. This right shall be protected by law. No one shall be arbitrarily deprived of his life". The state of Missouri takes seriously its obligation to comply with the Covenant and to implement this paragraph as it relates to the inherent right to life of unborn human beings, protecting the rights of unborn human beings by law, and ensuring that such unborn human beings are not arbitrarily deprived of life. The state of Missouri hereby implements Article 6, Paragraph 1 of the Covenant by the regulation of abortion in this state.

5. The state of Missouri has interests that include, but are not limited to:

(1) Protecting unborn children throughout pregnancy and preserving and promoting their lives from conception to birth;

(2) Encouraging childbirth over abortion;

(3) Ensuring respect for all human life from conception to natural death;

(4) Safeguarding an unborn child from the serious harm of pain by an abortion method that would cause the unborn child to experience pain while she or he is being killed;

(5) Preserving the integrity of the medical profession and regulating and restricting practices that might cause the medical profession or society as a whole to become insensitive, even disdainful, to life. This includes regulating and restricting abortion methods that are not only brutal and painful, but if allowed to continue, will further coarsen society to the humanity of not only unborn children, but all vulnerable and innocent human life, making it increasingly difficult to protect such life;

(6) Ending the incongruities in state law by permitting some unborn children to be killed by abortion, while requiring that unborn children be protected in non-abortion circumstances through, including, but not limited to, homicide, assault, self-defense, and defense of another statutes; laws guaranteeing prenatal health care, emergency care, and testing; state-sponsored health insurance for unborn children; the prohibition of restraints in correctional institutions to protect pregnant offenders and their unborn children; and protecting the interests of unborn children by the appointment of conservators, guardians, and representatives;

(7) Reducing the risks of harm to pregnant women who obtain abortions later in pregnancy; and

(8) Avoiding burdens on the health care system, taxpayers, and the workforce because of increased preterm births, low birthweight babies, compromised pregnancies, extended postpartum recoveries, and behavioral health problems caused by the long-term effects of abortions performed or induced later in the pregnancy.

188.027. 1. Except in [~~the case~~] cases of medical emergency, no abortion shall be performed or induced on a woman without her voluntary and informed consent, given freely and without coercion. Consent to an abortion is voluntary and informed and given freely and without coercion if, and only if, at least seventy-two hours prior to the abortion:

(1) The physician who is to perform or induce the abortion, a qualified professional, or the referring physician has informed the woman orally, reduced to writing, and in person, of the following:

(a) The name of the physician who will perform or induce the abortion;

(b) Medically accurate information that a reasonable patient would consider material to the decision of whether or not to undergo the abortion, including:

a. A description of the proposed abortion method;

b. The immediate and long-term medical risks to the woman associated with the proposed abortion method including, but not limited to, infection, hemorrhage, cervical tear or uterine perforation, harm to subsequent pregnancies or the ability to carry a subsequent child to term, and possible adverse psychological effects associated with the abortion; and

c. The immediate and long-term medical risks to the woman, in light of the anesthesia and medication that is to be administered, the unborn child's gestational age, and the woman's medical history and medical condition;

(c) Alternatives to the abortion which shall include making the woman aware that information and materials shall be provided to her detailing such alternatives to the abortion;

(d) A statement that the physician performing or inducing the abortion is available for any questions concerning the abortion, together with the telephone number that the physician may be later reached to answer any questions that the woman may have;

(e) The location of the hospital that offers obstetrical or gynecological care located within thirty miles of the location where the abortion is performed or induced and at which the physician performing or inducing the abortion has clinical privileges and where the woman may receive follow-up care by the physician if complications arise;

(f) The gestational age of the unborn child at the time the abortion is to be performed or induced; and

(g) The anatomical and physiological characteristics of the unborn child at the time the abortion is to be performed or induced;

(2) The physician who is to perform or induce the abortion or a qualified professional has presented the woman, in person, printed materials provided by the department, which describe the probable anatomical and physiological characteristics of the unborn child at two-week gestational increments from conception to full term, including color photographs or images of the developing unborn child at two-week gestational increments. Such descriptions shall include information about brain and heart functions, the presence of external members and internal organs during the applicable stages of development and information on when the unborn child is viable. The printed materials shall prominently display the following statement: "The life of each human being begins at conception. Abortion will terminate the life of a separate, unique, living human being.";

(3) The physician who is to perform or induce the abortion, a qualified professional, or the referring physician has presented the woman, in person, printed materials provided by the department, which describe the various surgical and drug-induced methods of abortion relevant to the stage of pregnancy, as well as the immediate and long-term medical risks commonly associated with each abortion method including, but not limited to, infection, hemorrhage, cervical tear or uterine perforation, harm to subsequent pregnancies or the ability to carry a subsequent child to term, and the possible adverse psychological effects associated with an abortion;

(4) The physician who is to perform or induce the abortion or a qualified professional shall provide the woman with the opportunity to view at least seventy-two hours prior to the abortion an active ultrasound of the unborn child and hear the heartbeat of the unborn child if the heartbeat is audible. The woman shall be provided with a geographically indexed list maintained by the department of health care providers, facilities, and clinics that perform ultrasounds, including those that offer ultrasound services free of charge. Such materials shall provide contact information for each provider, facility, or clinic including telephone numbers

and, if available, website addresses. Should the woman decide to obtain an ultrasound from a provider, facility, or clinic other than the abortion facility, the woman shall be offered a reasonable time to obtain the ultrasound examination before the date and time set for performing or inducing an abortion. The person conducting the ultrasound shall ensure that the active ultrasound image is of a quality consistent with standard medical practice in the community, contains the dimensions of the unborn child, and accurately portrays the presence of external members and internal organs, if present or viewable, of the unborn child. The auscultation of fetal heart tone must also be of a quality consistent with standard medical practice in the community. If the woman chooses to view the ultrasound or hear the heartbeat or both at the abortion facility, the viewing or hearing or both shall be provided to her at the abortion facility at least seventy-two hours prior to the abortion being performed or induced;

(5) [~~Prior to an abortion being performed or induced on an unborn child of twenty-two weeks gestational age or older, the physician who is to perform or induce the abortion or a qualified professional has presented the woman, in person, printed materials provided by the department that offer information on the possibility of the abortion causing pain to the unborn child. This information shall include, but need not be limited to, the following:~~

~~(a) At least by twenty-two weeks of gestational age, the unborn child possesses all the anatomical structures, including pain receptors, spinal cord, nerve tracts, thalamus, and cortex, that are necessary in order to feel pain;~~

~~(b) A description of the actual steps in the abortion procedure to be performed or induced, and at which steps the abortion procedure could be painful to the unborn child;~~

~~(c) There is evidence that by twenty-two weeks of gestational age, unborn children seek to evade certain stimuli in a manner that in an infant or an adult would be interpreted as a response to pain;~~

~~(d) Anesthesia is given to unborn children who are twenty-two weeks or more gestational age who undergo prenatal surgery;~~

~~(e) Anesthesia is given to premature children who are twenty-two weeks or more gestational age who undergo surgery;~~

~~(f) Anesthesia or an analgesic is available in order to minimize or alleviate the pain to the unborn child~~] **The printed materials provided by the department shall include information on the possibility of an abortion causing pain in the unborn child. This information shall include, but need not be limited to, the following:**

(a) Unborn children as early as eight weeks gestational age start to show spontaneous movements and unborn children at this stage in pregnancy show reflex responses to touch;

(b) In the unborn child, the area around his or her mouth and lips is the first part of the unborn child's body to respond to touch and by fourteen weeks gestational age most of the unborn child's body is responsive to touch;

(c) Pain receptors on the unborn child's skin develop around his or her mouthat around seven to eight weeks gestational age, around the palms of his or her hands at ten to ten and a half weeks, on the abdominal wall at fifteen weeks, and over all of his or her body at sixteen weeks gestational age;

(d) Beginning at sixteen weeks gestational age and later, it is possible for pain to be transmitted from receptors to the cortex of the unborn child's brain, where thinking and perceiving occur;

(e) When a physician performs a life-saving surgery, he or she provides anesthesia to unborn children as young as sixteen weeks gestational age in order to alleviate the unborn child's pain; and

(f) A description of the actual steps in the abortion procedure to be performed or induced and at which steps the abortion procedure could be painful to the unborn child;

(6) The physician who is to perform or induce the abortion or a qualified professional has presented the woman, in person, printed materials provided by the department explaining to the woman alternatives to abortion she may wish to consider. Such materials shall:

(a) Identify on a geographical basis public and private agencies available to assist a woman in carrying her unborn child to term, and to assist her in caring for her dependent child or placing her child for adoption, including agencies commonly known and generally referred to as pregnancy resource centers, crisis pregnancy centers, maternity homes, and adoption agencies. Such materials shall provide a comprehensive list by geographical area of the agencies, a description of the services they offer, and the telephone numbers and addresses of the agencies; provided that such materials shall not include any programs, services, organizations, or affiliates of organizations that perform or induce, or assist in the performing or inducing of, abortions or that refer for abortions;

(b) Explain the Missouri alternatives to abortion services program under section 188.325, and any other programs and services available to pregnant women and mothers of newborn children offered by public or private agencies which assist a woman in carrying her unborn child to term and assist her in caring for her dependent child or placing her child for adoption, including but not limited to prenatal care; maternal health care; newborn or infant care; mental health services; professional counseling services; housing programs; utility assistance; transportation services; food, clothing, and supplies related to pregnancy; parenting skills; educational programs; job training and placement services; drug and alcohol testing and treatment; and adoption assistance;

(c) Identify the state website for the Missouri alternatives to abortion services program under section 188.325, and any toll-free number established by the state operated in conjunction with the program;

(d) Prominently display the statement: "There are public and private agencies willing and able to help you carry your child to term, and to assist you and your child after your child is born, whether you choose to keep your child or place him or her for adoption. The state of Missouri encourages you to contact those agencies before making a final decision about abortion. State law requires that your physician or a qualified professional give you the opportunity to call agencies like these before you undergo an abortion.";

(7) The physician who is to perform or induce the abortion or a qualified professional has presented the woman, in person, printed materials provided by the department explaining that the father of the unborn child is liable to assist in the support of the child, even in instances where he has offered to pay for the abortion. Such materials shall include information on the legal duties and support obligations of the father of a child, including, but not limited to, child support payments, and the fact that paternity may be established by the father's name on a birth certificate or statement of paternity, or by court action. Such printed materials shall also state that more information concerning paternity establishment and child support services and enforcement may be obtained by calling the family support division within the Missouri department of social services; and

(8) The physician who is to perform or induce the abortion or a qualified professional shall inform the woman that she is free to withhold or withdraw her consent to the abortion at any time without affecting her right to future care or treatment and without the loss of any state or federally funded benefits to which she might otherwise be entitled.

2. All information required to be provided to a woman considering abortion by subsection 1 of this section shall be presented to the woman individually, in the physical presence of the woman and in a private room, to protect her privacy, to maintain the confidentiality of her decision, to ensure that the information focuses on her individual circumstances, to ensure she has an adequate opportunity to ask questions, and to ensure that she is not a victim of coerced abortion. Should a woman be unable to read materials provided to her, they shall be read to her. Should a woman need an interpreter to understand the information presented in the written materials, an interpreter shall be provided to her. Should a woman ask questions concerning any of the information or materials, answers shall be provided in a language she can understand.

3. No abortion shall be performed or induced unless and until the woman upon whom the abortion is to be performed or induced certifies in writing on a checklist form provided by the department that she has been presented all the information required in subsection 1 of this

section, that she has been provided the opportunity to view an active ultrasound image of the unborn child and hear the heartbeat of the unborn child if it is audible, and that she further certifies that she gives her voluntary and informed consent, freely and without coercion, to the abortion procedure.

4. [~~No abortion shall be performed or induced on an unborn child of twenty-two weeks gestational age or older unless and until the woman upon whom the abortion is to be performed or induced has been provided the opportunity to choose to have an anesthetic or analgesic administered to eliminate or alleviate pain to the unborn child caused by the particular method of abortion to be performed or induced. The administration of anesthesia or analgesics shall be performed in a manner consistent with standard medical practice in the community.~~

~~5.~~] No physician shall perform or induce an abortion unless and until the physician has obtained from the woman her voluntary and informed consent given freely and without coercion. If the physician has reason to believe that the woman is being coerced into having an abortion, the physician or qualified professional shall inform the woman that services are available for her and shall provide her with private access to a telephone and information about such services, including but not limited to the following:

(1) Rape crisis centers, as defined in section 455.003;

(2) Shelters for victims of domestic violence, as defined in section 455.200; and

(3) Orders of protection, pursuant to chapter 455.

[~~6.~~] **5.** The physician who is to perform or induce the abortion shall, at least seventy-two hours prior to such procedure, inform the woman orally and in person of:

(1) The immediate and long-term medical risks to the woman associated with the proposed abortion method including, but not limited to, infection, hemorrhage, cervical tear or uterine perforation, harm to subsequent pregnancies or the ability to carry a subsequent child to term, and possible adverse psychological effects associated with the abortion; and

(2) The immediate and long-term medical risks to the woman, in light of the anesthesia and medication that is to be administered, the unborn child's gestational age, and the woman's medical history and medical conditions.

[~~7.~~] **6.** No physician shall perform or induce an abortion unless and until the physician has received and signed a copy of the form prescribed in subsection 3 of this section. The physician shall retain a copy of the form in the patient's medical record.

[~~8.~~] **7.** In the event of a medical emergency [~~as provided by section 188.039~~], the physician who performed or induced the abortion shall clearly certify in writing the nature and circumstances of the medical emergency. This certification shall be signed by the physician who performed or induced the abortion, and shall be maintained under section 188.060.

[~~9.~~] **8.** No person or entity shall require, obtain, or accept payment for an abortion from or on behalf of a patient until at least seventy-two hours have passed since the time that the information required by subsection 1 of this section has been provided to the patient. Nothing in this subsection shall prohibit a person or entity from notifying the patient that payment for the abortion will be required after the seventy-two-hour period has expired if she voluntarily chooses to have the abortion.

[~~10.~~] **9.** The term "qualified professional" as used in this section shall refer to a physician, physician assistant, registered nurse, licensed practical nurse, psychologist, licensed professional counselor, or licensed social worker, licensed or registered under chapter 334, 335, or 337, acting under the supervision of the physician performing or inducing the abortion, and acting within the course and scope of his or her authority provided by law. The provisions of this section shall not be construed to in any way expand the authority otherwise provided by law relating to the licensure, registration, or scope of practice of any such qualified professional.

[~~11.~~] **10.** By November 30, 2010, the department shall produce the written materials and forms described in this section. Any written materials produced shall be printed in a typeface large enough to be clearly legible. All information shall be presented in an objective, unbiased manner designed to convey only accurate scientific and medical information. The department shall furnish the written materials and forms at no cost and in sufficient quantity to any person who performs or induces abortions, or to any hospital or facility that provides abortions. The department shall make all information required by subsection 1 of this section available to the public through its department website. The department shall maintain a toll-free, twenty-four-hour hotline telephone number where a caller can obtain information on a regional basis concerning the agencies and services described in subsection 1 of this section. No identifying information regarding persons who use the website shall be collected or maintained. The department shall monitor the website on a regular basis to prevent tampering and correct any operational deficiencies.

[~~12.~~] **11.** In order to preserve the compelling interest of the state to ensure that the choice to consent to an abortion is voluntary and informed, and given freely and without coercion, the department shall use the procedures for adoption of emergency rules under section 536.025 in order to promulgate all necessary rules, forms, and other necessary material to implement this section by November 30, 2010.

[~~13.~~] **12.** If the provisions in subsections 1 and [9] **8** of this section requiring a seventy-two-hour waiting period for an abortion are ever temporarily or permanently restrained or enjoined by judicial order, then the waiting period for an abortion shall be twenty-four hours; provided, however, that if such temporary or permanent restraining order or injunction is stayed

or dissolved, or otherwise ceases to have effect, the waiting period for an abortion shall be seventy-two hours.

188.028. 1. Except in the case of a medical emergency, no person shall knowingly perform or induce an abortion upon a pregnant woman under the age of eighteen years unless:

(1) The attending physician has secured the informed written consent of the minor and one parent or guardian, and the consenting parent or guardian of the minor has notified any other custodial parent in writing prior to the securing of the informed written consent of the minor and one parent or guardian. For purposes of this subdivision, "custodial parent" shall only mean a parent of a minor who has been awarded joint legal custody or joint physical custody of such minor by a court of competent jurisdiction. Notice shall not be required for any parent:

(a) Who has been found guilty of any offense in violation of chapter 565, relating to offenses against the person; chapter 566, relating to sexual offenses; chapter 567, relating to prostitution; chapter 568, relating to offenses against the family; or chapter 573, related to pornography and related offenses, if a child was a victim;

(b) Who has been found guilty of any offense in any other state or foreign country, or under federal, tribal, or military jurisdiction if a child was a victim, which would be a violation of chapters 565, 566, 567, 568, or 573 if committed in this state;

(c) Who is listed on the sexual offender registry under sections 589.400 to 589.425;

(d) Against whom an order of protection has been issued, including a foreign order of protection given full faith and credit in this state under section 455.067;

(e) Whose custodial, parental, or guardianship rights have been terminated by a court of competent jurisdiction; or

(f) Whose whereabouts are unknown after reasonable inquiry, who is a fugitive from justice, who is habitually in an intoxicated or drugged condition, or who has been declared mentally incompetent or incapacitated by a court of competent jurisdiction;

(2) The minor is emancipated and the attending physician has received the informed written consent of the minor;

(3) The minor has been granted the right to self-consent to the abortion by court order pursuant to subsection 2 of this section, and the attending physician has received the informed written consent of the minor; or

(4) The minor has been granted consent to the abortion by court order, and the court has given its informed written consent in accordance with subsection 2 of this section, and the minor is having the abortion willingly, in compliance with subsection 3 of this section.

2. The right of a minor to self-consent to an abortion under subdivision (3) of subsection 1 of this section or court consent under subdivision (4) of subsection 1 of this section may be granted by a court pursuant to the following procedures:

(1) The minor or next friend shall make an application to the juvenile court which shall assist the minor or next friend in preparing the petition and notices required pursuant to this section. The minor or the next friend of the minor shall thereafter file a petition setting forth the initials of the minor; the age of the minor; the names and addresses of each parent, guardian, or, if the minor's parents are deceased and no guardian has been appointed, any other person standing in loco parentis of the minor; that the minor has been fully informed of the risks and consequences of the abortion; that the minor is of sound mind and has sufficient intellectual capacity to consent to the abortion; that, if the court does not grant the minor majority rights for the purpose of consent to the abortion, the court should find that the abortion is in the best interest of the minor and give judicial consent to the abortion; that the court should appoint a guardian ad litem of the child; and if the minor does not have private counsel, that the court should appoint counsel. The petition shall be signed by the minor or the next friend;

(2) A hearing on the merits of the petition, to be held on the record, shall be held as soon as possible within five days of the filing of the petition. If any party is unable to afford counsel, the court shall appoint counsel at least twenty-four hours before the time of the hearing. At the hearing, the court shall hear evidence relating to the emotional development, maturity, intellect and understanding of the minor; the nature, possible consequences, and alternatives to the abortion; and any other evidence that the court may find useful in determining whether the minor should be granted majority rights for the purpose of consenting to the abortion or whether the abortion is in the best interests of the minor;

(3) In the decree, the court shall for good cause:

(a) Grant the petition for majority rights for the purpose of consenting to the abortion;

(b) Find the abortion to be in the best interests of the minor and give judicial consent to the abortion, setting forth the grounds for so finding; or

(c) Deny the petition, setting forth the grounds on which the petition is denied;

(4) If the petition is allowed, the informed consent of the minor, pursuant to a court grant of majority rights, or the judicial consent, shall bar an action by the parents or guardian of the minor on the grounds of battery of the minor by those performing or inducing the abortion. The immunity granted shall only extend to the performance or induction of the abortion in accordance herewith and any necessary accompanying services which are performed in a competent manner. The costs of the action shall be borne by the parties;

(5) An appeal from an order issued under the provisions of this section may be taken to the court of appeals of this state by the minor or by a parent or guardian of the minor. The notice of intent to appeal shall be given within twenty-four hours from the date of issuance of the order. The record on appeal shall be completed and the appeal shall be perfected within five days from the filing of notice to appeal. Because time may be of the essence regarding the performance or induction of the abortion, the supreme court of this state shall, by court rule, provide for expedited appellate review of cases appealed under this section.

3. If a minor desires an abortion, then she shall be orally informed of and, if possible, sign the written consent required under this chapter in the same manner as an adult person. No abortion shall be performed or induced on any minor against her will, except that an abortion may be performed or induced against the will of a minor pursuant to a court order described in subdivision (4) of subsection 1 of this section that the abortion is necessary to preserve the life of the minor.

188.033. Whenever an abortion facility or a family planning agency located in this state, or any of its agents or employees acting within the scope of his or her authority or employment, provides to a woman considering an abortion the name, address, telephone number, or website of an abortion provider that is located outside of the state, such abortion facility or family planning agency or its agents or employees shall also provideto such woman the printed materials produced by the department under section 188.027. If the name, address, telephone number, or website of such abortion provider is not provided to such woman in person, such printed materials shall be offered to her, and ifshe chooses, sent to such woman at no cost to her the same day or as soon as possible either electronically or by U.S. mail overnight delivery service or by other overnight or same-day delivery service to an address of such woman's choosing. The department shall furnish such printed materials at no cost and in sufficient quantities to abortion facilities and family planning agencies located within the state.

188.038. 1. The general assembly of this state finds that:

(1) Removing vestiges of any past bias or discrimination against pregnant women, their partners, and their family members, including their unborn children, is an important task for those in the legal, medical, social services, and human services professions;

(2) Ending any current bias or discrimination against pregnant women, their partners, and their family members, including their unborn children, is a legitimate purpose of government in order to guarantee that those who "are endowed by their Creator with certain unalienable Rights" can enjoy "Life, Liberty and the pursuit of Happiness";

(3) The historical relationship of bias or discrimination by some family planning programs and policies towards poor and minority populations, including, but not limited to, the nonconsensual sterilization of mentally ill, poor, minority, and immigrant women and other coercive family planning programs and policies, must be rejected;

(4) Among Missouri residents, the rate of black or African-American women who undergo abortions is significantly higher, about three and a half times higher, than the rate of white women who undergo abortions. Among Missouri residents, the rate of black or African-American women who undergo repeat abortions is significantly higher, about one and a half times higher, than the rate of white women who undergo repeat abortions;

(5) Performing or inducing an abortion because of the sex of the unborn child is repugnant to the values of equality of females and males and the same opportunities for girls and boys, and furthers a false mindset of female inferiority;

(6) Government has a legitimate interest in preventing the abortion of unborn children with Down Syndrome because it is a form of bias or disability discrimination and victimizes the disabled unborn child at his or her most vulnerable stage. Eliminating unborn children with Down Syndrome raises grave concerns for the lives of those who do live with disabilities. It sends a message of dwindling support for their unique challenges, fosters a false sense that disability is something that could have been avoidable, and is likely to increase the stigma associated with disability.

2. No person shall perform or induce an abortion on a woman if the person knows that the woman is seeking the abortion solely because of a prenatal diagnosis, test, or screening indicating Down Syndrome or the potential of Down Syndrome in an unborn child.

3. No person shall perform or induce an abortion on a woman if the person knows that the woman is seeking the abortion solely because of the sex or race of the unborn child.

4. Any physician or other person who performs or induces or attempts to perform or induce an abortion prohibited by this section shall be subject to all applicable civil penalties under this chapter including, but not limited to, sections 188.065 and 188.085.

188.043. 1. No person shall perform or induce **[~~a surgical or medical~~]** **an** abortion **on another** unless such person has **[~~proof of~~]** medical malpractice insurance with coverage amounts of at least **[~~five hundred thousand dollars~~]** **one million dollars per occurrence and three million dollars in the annualaggregate**.

2. For the purpose of this section, "medical malpractice insurance" means insurance coverage against the legal liability of the insured and against loss, damage, or expense incident to a claim arising out of the death or injury of any person as a result of the negligence or malpractice in rendering professional service byany health care provider.

3. No abortion facility or hospital shall employ or engage the services of a person to perform [~~one or more abortions~~] **or induce an abortion on another** if the person does not have [~~proof of~~] medical malpractice insurance pursuant to this section, except **that** the abortion facility or hospital may provide medical malpractice insurance for the services of persons employed or engaged by such facility or hospital **which is no less than the coverage amounts set forth in this section**.

4. Notwithstanding the provisions of section 334.100, failure of a person to maintain the medical malpractice insurance required by this section shall be an additional ground for sanctioning of a person's license, certificate, or permit.

188.044. 1. When a drug or chemical, or combination thereof, used by a person to induce an abortion carries a warning from its manufacturer or distributor, a peer-reviewed medical journal article, or a Food and Drug Administration label that its use may cause birth defects, disability, or other injury in a child who survives the abortion, then in addition to the requirements of section 188.043, such person shall also carry tail insurance with coverage amounts of at least one million dollars per occurrence and three million dollars in the annual aggregate for personal injury to or death of a child who survives such abortion. Such policy shall be maintained in force or be in effect for a period of twenty-one years after the person used the drug or chemical, or combination thereof, to induce the abortion.

2. For the purpose of this section, "tail insurance" means insurance which covers the legal liability of the insured once a medical malpractice insurance policy is cancelled, not renewed, or terminated, and covers claims made after such cancellation or termination for acts occurring during the period the prior medical malpractice insurance was in effect.

3. No abortion facility or hospital shall employ or engage the services of a person to induce an abortion on another using any drug or chemical, or combination thereof, which may cause birth defects, disability, or other injury in a child who survives the abortion, if the person does not have tail insurance pursuant to this section, except that the abortion facility or hospital may provide tail insurance for the services of persons employed or engaged by such facility or hospital which is no less than the coverage amounts and duration set forth in this section.

4. Notwithstanding the provisions of section 334.100 to the contrary, failure of a person to maintain the tail insurance required by this section shall be an additional ground for sanctioning of a person's license, certificate, or permit.

188.052. 1. An individual abortion report for each abortion performed or induced upon a woman shall be completed by [~~her attending~~] **the** physician **who performed or induced the abortion. Abortion reports shall include, but not be limited to, a certification that the**

physician does not have any knowledge that the woman sought the abortion solely because of a prenatal diagnosis, test, or screening indicating Down Syndrome or the potential of Down Syndrome in the unborn child and a certification that the physician does not have any knowledge that the woman sought the abortion solely because of the sex or race of the unborn child.

2. An individual complication report for any post-abortion care performed upon a woman shall be completed by the physician providing such post-abortion care. This report shall include:

(1) The date of the abortion;

(2) The name and address of the abortion facility or hospital where the abortion was performed **or induced**;

(3) The nature of the abortion complication diagnosed or treated.

3. All abortion reports shall be signed by the attending physician[,] **who performed or induced the abortion** and submitted to the [~~state~~] department [~~of health and senior services~~] within forty-five days from the date of the abortion. All complication reports shall be signed by the physician providing the post-abortion care and submitted to the department [~~of health and senior services~~] within forty-five days from the date of the post-abortion care.

4. A copy of the abortion report shall be made a part of the medical record of the patient of the **abortion** facility or hospital in which the abortion was performed **or induced**.

5. The [~~state~~] department [~~of health and senior services~~] shall be responsible for collecting all abortion reports and complication reports and collating and evaluating all data gathered therefrom and shall annually publish a statistical report based on such data from abortions performed **or induced** in the previous calendar year.

188.056. 1. Notwithstanding any other provision of law to the contrary, no abortion shall be performed or induced upon a woman at eight weeks gestational age or later, except in cases of medical emergency. Any person who knowingly performs or induces an abortion of an unborn child in violation of this subsection shall be guilty of a class B felony, as well as subject to suspension or revocation of his or her professional license by his or her professional licensing board. A woman upon whom an abortion is performed or induced in violation of this subsection shall not be prosecuted for a conspiracy to violate the provisions of this section.

2. It shall be an affirmative defense for any person alleged to have violated the provisions of subsection 1 of this section that the person performed or induced an abortion because of a medical emergency. The defendant shall have the burden of persuasion that the defense is more probably true than not.

3. Prosecution under this section shall bar prosecution under sections 188.057, 188.058, or 188.375 if prosecution under such sections would violate the provisions of

Amendment V to the Constitution of the United States or article I, section 19 of the Constitution of Missouri.

4. If any one or more provisions, subsections, sentences, clauses, phrases, or words of this section or the application thereof to any person, circumstance, or period of gestational age is found to be unenforceable, unconstitutional, or invalid by a court of competent jurisdiction, the same is hereby declared to be severable and the balance of the section shall remain effective notwithstanding such unenforceability, unconstitutionality, or invalidity. The general assembly hereby declares that it would have passed this section, and each provision, subsection, sentence, clause, phrase, or word thereof, irrespective of the fact that any one or more provisions, subsections, sentences, clauses, phrases, or words of the section, or the application of the section to any person, circumstance, or period of gestational age, would be declared unenforceable, unconstitutional, or invalid.

188.057. 1. Notwithstanding any other provision of law to the contrary, no abortion shall be performed or induced upon a woman at fourteen weeks gestational age or later, except in cases of medical emergency. Any person who knowingly performs or induces an abortion of an unborn child in violation of this subsection shall be guilty of a class B felony, as well as subject to suspension or revocation of his or her professional license by his or her professional licensing board. A woman upon whom an abortion is performed or induced in violation of this subsection shall not be prosecuted for a conspiracy to violate the provisions of this section.

2. It shall be an affirmative defense for any person alleged to have violated the provisions of subsection 1 of this section that the person performed or induced an abortion because of a medical emergency. The defendant shall have the burden of persuasion that the defense is more probably true than not.

3. Prosecution under this section shall bar prosecution under sections 188.056, 188.058, or 188.375 if prosecution under such sections would violate the provisions of Amendment V to the Constitution of the United States or article I, section 19 of the Constitution of Missouri.

4. If any one or more provisions, subsections, sentences, clauses, phrases, or words of this section or the application thereof to any person, circumstance, or period of gestational age is found to be unenforceable, unconstitutional, or invalid by a court of competent jurisdiction, the same is hereby declared to be severable and the balance of the section shall remain effective notwithstanding such unenforceability, unconstitutionality, or invalidity. The general assembly hereby declares that it would have passed this section, and each provision, subsection, sentence, clause, phrase, or word thereof, irrespective of the fact that any one or more provisions, subsections, sentences, clauses, phrases, or words

of the section, or the application of the section to any person, circumstance, or period of gestational age, would be declared unenforceable, unconstitutional, or invalid.

188.058. 1. Notwithstanding any other provision of law to the contrary, no abortion shall be performed or induced upon a woman at eighteen weeks gestational age or later, except in cases of medical emergency. Any person who knowingly performs or induces an abortion of an unborn child in violation of this subsection shall be guilty of a class B felony, as well as subject to suspension or revocation of his or her professional license by his or her professional licensing board. A woman upon whom an abortion is performed or induced in violation of this section shall not be prosecuted for a conspiracy to violate the provisions of this section.

2. It shall be an affirmative defense for any person alleged to have violated the provisions of subsection 1 of this section that the person performed or induced an abortion because of a medical emergency. The defendant shall have the burden of persuasion that the defense is more probably true than not.

3. Prosecution under this section shall bar prosecution under sections 188.056, 188.057, or 188.375 if prosecution under such sections would violate the provisions of Amendment V to the Constitution of the United States or article I, section 19 of the Constitution of Missouri.

4. If any one or more provisions, subsections, sentences, clauses, phrases, or words of this section or the application thereof to any person, circumstance, or period of gestational age is found to be unenforceable, unconstitutional, or invalid by a court of competent jurisdiction, the same is hereby declared to be severable and the balance of the section shall remain effective notwithstanding such unenforceability, unconstitutionality, or invalidity. The general assembly hereby declares that it would have passed this section, and each provision, subsection, sentence, clause, phrase, or word thereof, irrespective of the fact that any one or more provisions, subsections, sentences, clauses, phrases, or words of the section, or the application of the section to any person, circumstance, or period of gestational age, would be declared unenforceable, unconstitutional, or invalid.

188.375. 1. This section shall be known and may be cited as the "Late-Term Pain-Capable Unborn Child Protection Act".

2. As used in this section, the phrase "late-term pain-capable unborn child" shall mean an unborn child at twenty weeks gestational age or later.

3. Notwithstanding any other provision of law to the contrary, no abortion shall be performed or induced upon a woman carrying a late-term pain-capable unborn child, except in cases of medical emergency. Any person who knowingly performs or induces an abortion of a late-term pain-capable unborn child in violation of this subsection shall be

guilty of a class B felony, as well as subject to suspension or revocation of his or her professional license by his or her professional licensing board. A woman upon whom an abortion is performed or induced in violation of this subsection shall not be prosecuted for a conspiracy to violate the provisions of this subsection.

4. It shall be an affirmative defense for any person alleged to have violated the provisions of subsection 3 of this section that the person performed or induced an abortion because of a medical emergency. The defendant shall have the burden of persuasion that the defense is more probably true than not.

5. Prosecution under subsection 3 of this section shall bar prosecution under sections 188.056, 188.057, or 188.058 if prosecution under such sections would violate the provisions of Amendment V to the Constitution of the United States or article I, section 19 of the Constitution of Missouri.

6. When in cases of medical emergency a physician performs or induces an abortion upon a woman in her third trimester carrying a late-term pain-capable unborn child, the physician shall utilize the available method or technique of abortion most likely to preserve the life or health of the unborn child. In cases where the method or technique of abortion most likely to preserve the life or health of the unborn child would present a greater risk to the life or health of the woman than another legally permitted and available method or technique, the physician may utilize such other method or technique. In all cases where the physician performs or induces an abortion upon a woman during her third trimester carrying a late-term pain-capable unborn child, the physician shall certify in writing the available method or techniques considered and the reasons for choosing the method or technique employed.

7. When in cases of medical emergency a physician performs or induces an abortion upon a woman during her third trimester carrying a late-term pain-capable unborn child, there shall be in attendance a physician other than the physician performing or inducing the abortion who shall take control of and provide immediate medical care for a child born as a result of the abortion.

8. Any physician who knowingly violates any of the provisions of subsections 6 or 7 of this section shall be guilty of a class D felony, as well as subject to suspension or revocation of his or her professional license by his or her professional licensing board. A woman upon whom an abortion is performed or induced in violation of subsections 6 or 7 of this section shall not be prosecuted for a conspiracy to violate the provisions of those subsections.

9. If any one or more provisions, subsections, sentences, clauses, phrases, or words of this section or the application thereof to any person, circumstance, or period of

gestational age is found to be unenforceable, unconstitutional, or invalid by a court of competent jurisdiction, the same is hereby declared to be severable and the balance of the section shall remain effective notwithstanding such unenforceability, unconstitutionality, or invalidity. The general assembly hereby declares that it would have passed this section, and each provision, subsection, sentence, clause, phrase, or word thereof, irrespective of the fact that any one or more provisions, subsections, sentences, clauses, phrases, or words of the section, or the application of the section to any person, circumstance, or period of gestational age, would be declared unenforceable, unconstitutional, or invalid.

Section B. The enactment of section 188.017 of this act shall only become effective upon notification to the revisor of statutes by an opinion by the attorney general of Missouri, a proclamation by the governor of Missouri, or the adoption of a concurrent resolution by the Missouri general assembly that:

(1) The United States Supreme Court has overruled, in whole or in part, *Roe v. Wade*, 410 U.S. 113 (1973), restoring or granting to the state of Missouri the authority to regulate abortion to the extent set forth in section 188.017, and that as a result, it is reasonably probable that section 188.017 of this act would be upheld by the court as constitutional;

(2) An amendment to the Constitution of the United States has been adopted that has the effect of restoring or granting to the state of Missouri the authority to regulate abortion to the extent set forth in section 188.017; or

(3) The United States Congress has enacted a law that has the effect of restoring or granting to the state of Missouri the authority to regulate abortion to the extent set forth in section 188.017.

Section C. Because of the need to protect the health and safety of women and their children, both unborn and born, the repeal and reenactment of section 188.028 of this act is deemed necessary for the immediate preservation of the public health, welfare, peace and safety, and is hereby declared to be an emergency act within the meaning of the constitution, and the repeal and reenactment of section 188.028 of this act shall be in full force and effect upon its passage and approval.

✓

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 3, 2019

RECEIVED
JUN 03 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Lowell Pearson regarding a proposed referendum petition for Senate Substitute for Senate Committee Substitute for House Bill 126, version 1 (2020-R002)

Dear Auditor Galloway:

Enclosed please find a referendum petition sample sheet for Senate Substitute for Senate Committee Substitute for House Bill 126 filed by Lowell Pearson on May 31, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

STAPLE HERE

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any referendum petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County

PETITION FOR REFERENDUM

Page No.

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and_____County (or City of St. Louis), respectfully order that Senate Substitute for Senate Committee Substitute for House Bill No. 126, entitled "AN ACT To repeal sections 135.630, 188.010, 188.015, 188.027, 188.028, 188.043, and 188.052, RSMo, and to enact in lieu thereof seventeen new sections relating to abortion, with penalty provisions, a contingent effective date for a certain section, and an emergency clause for a certain section," passed by the 100th general assembly of the state of Missouri, at the first regular session of the 100th general assembly, shall be referred to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, unless the general assembly shall designate another date, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and_____County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

MO0000001

RECEIVED
2019 MAY 31 PM 1:34

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF_____I,_____being first duly sworn, say (print names of signers)

	Signature	Date Signed	Registered Voting Address	Zip Code	Cong. District	Printed First and Last Name
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____County (or City of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do____do not____(check one) expect to be paid for circulating this petition. If paid, list the payer:_____

Subscribed and sworn to before me this_____day of_____, A.D.

_____ _____

Signature of Affiant (Person obtaining signatures) | Street Address of Affiant

(Seal)

_____ _____ _____ _____

Printed Name of Affiant | City, State and Zip Code of Affiant | Signature of Notary | Address of Notary

FIRST REGULAR SESSION

[TRULY AGREED TO AND FINALLY PASSED]

SENATE SUBSTITUTE FOR

SENATE COMMITTEE SUBSTITUTE FOR

HOUSE BILL NO. 126

100TH GENERAL ASSEMBLY

0461S.18T 2019

AN ACT

To repeal sections 135.630, 188.010, 188.015, 188.027, 188.028, 188.043, and 188.052, RSMo, and to enact in lieu thereof seventeen new sections relating to abortion, with penalty provisions, a contingent effective date for a certain section, and an emergency clause for a certain section.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 135.630, 188.010, 188.015, 188.027, 188.028, 188.043, and 188.052, RSMo, are repealed and seventeen new sections enacted in lieu thereof, to be known as sections 135.630, 188.010, 188.015, 188.017, 188.018, 188.026, 188.027, 188.028, 188.033, 188.038, 188.043, 188.044, 188.052, 188.056, 188.057, 188.058, and 188.375, to read as follows:

135.630. 1. As used in this section, the following terms mean:

(1) "Contribution", a donation of cash, stock, bonds, or other marketable securities, or real property;

(2) "Director", the director of the department of social services;

(3) "Pregnancy resource center", a nonresidential facility located in this state:

(a) Established and operating primarily to provide assistance to women **and families** with crisis pregnancies or unplanned pregnancies by offering pregnancy testing, counseling, emotional and material support, and other similar services **or by offering services as described**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

under subsection 2 of section 188.325, to encourage and assist such women **and families** in carrying their pregnancies to term; and

(b) Where childbirths are not performed; and

(c) Which does not perform, induce, or refer for abortions and which does not hold itself out as performing, inducing, or referring for abortions; and

(d) Which provides direct client services at the facility, as opposed to merely providing counseling or referral services by telephone; and

(e) Which provides its services at no cost to its clients; and

(f) When providing medical services, such medical services must be performed in accordance with Missouri statute; and

(g) Which is exempt from income taxation pursuant to the Internal Revenue Code of 1986, as amended;

(4) "State tax liability", in the case of a business taxpayer, any liability incurred by such taxpayer pursuant to the provisions of chapters 143, 147, 148, and 153, excluding sections 143.191 to 143.265 and related provisions, and in the case of an individual taxpayer, any liability incurred by such taxpayer pursuant to the provisions of chapter 143, excluding sections 143.191 to 143.265 and related provisions;

(5) "Taxpayer", a person, firm, a partner in a firm, corporation, or a shareholder in an S corporation doing business in the state of Missouri and subject to the state income tax imposed by the provisions of chapter 143, or a corporation subject to the annual corporation franchise tax imposed by the provisions of chapter 147, or an insurance company paying an annual tax on its gross premium receipts in this state, or other financial institution paying taxes to the state of Missouri or any political subdivision of this state pursuant to the provisions of chapter 148, or an express company which pays an annual tax on its gross receipts in this state pursuant to chapter 153, or an individual subject to the state income tax imposed by the provisions of chapter 143, or any charitable organization which is exempt from federal income tax and whose Missouri unrelated business taxable income, if any, would be subject to the state income tax imposed under chapter 143.

2. (1) Beginning on March 29, 2013, any contribution to a pregnancy resource center made on or after January 1, 2013, shall be eligible for tax credits as provided by this section.

(2) For all tax years beginning on or after January 1, 2007, **and ending on or before December 31, 2020,** a taxpayer shall be allowed to claim a tax credit against the taxpayer's state tax liability in an amount equal to fifty percent of the amount such taxpayer contributed to a pregnancy resource center. **For all tax years beginning on or after January 1, 2021, a taxpayer shall be allowed to claim a tax credit against the taxpayer's state tax liability in**

an amount equal to seventy percent of the amount such taxpayer contributed to a pregnancy resource center.

3. The amount of the tax credit claimed shall not exceed the amount of the taxpayer's state tax liability for the tax year for which the credit is claimed, and such taxpayer shall not be allowed to claim a tax credit in excess of fifty thousand dollars per tax year. However, any tax credit that cannot be claimed in the tax year the contribution was made may be carried over only to the next succeeding tax year. No tax credit issued under this section shall be assigned, transferred, or sold.

4. Except for any excess credit which is carried over pursuant to subsection 3 of this section, a taxpayer shall not be allowed to claim a tax credit unless the total amount of such taxpayer's contribution or contributions to a pregnancy resource center or centers in such taxpayer's tax year has a value of at least one hundred dollars.

5. The director shall determine, at least annually, which facilities in this state may be classified as pregnancy resource centers. The director may require of a facility seeking to be classified as a pregnancy resource center whatever information which is reasonably necessary to make such a determination. The director shall classify a facility as a pregnancy resource center if such facility meets the definition set forth in subsection 1 of this section.

6. The director shall establish a procedure by which a taxpayer can determine if a facility has been classified as a pregnancy resource center. Pregnancy resource centers shall be permitted to decline a contribution from a taxpayer. The cumulative amount of tax credits which may be claimed by all the taxpayers contributing to pregnancy resource centers in any one fiscal year shall not exceed two million dollars for all fiscal years ending on or before June 30, 2014, and two million five hundred thousand dollars for all fiscal years beginning on or after July 1, 2014, and ending on or before June 30, 2019, and three million five hundred thousand dollars for all fiscal years beginning on or after July 1, 2019**, and ending on or before June 30, 2021. For all fiscal years beginning on or after July 1, 2021, there shall be no limit imposed on the cumulative amount of tax credits that may be claimed by all taxpayers contributing to pregnancy resource centers under the provisions of this section**. Tax credits shall be issued in the order contributions are received. If the amount of tax credits redeemed in a fiscal year is less than the cumulative amount authorized under this subsection, the difference shall be carried over to a subsequent fiscal year or years and shall be added to the cumulative amount of tax credits that may be authorized in that fiscal year or years.

7. **For all fiscal years ending on or before June 30, 2021,** the director shall establish a procedure by which, from the beginning of the fiscal year until some point in time later in the fiscal year to be determined by the director, the cumulative amount of tax credits are equally apportioned among all facilities classified as pregnancy resource centers. If a pregnancy resource

center fails to use all, or some percentage to be determined by the director, of its apportioned tax credits during this predetermined period of time, the director may reapportion these unused tax credits to those pregnancy resource centers that have used all, or some percentage to be determined by the director, of their apportioned tax credits during this predetermined period of time. The director may establish more than one period of time and reapportion more than once during each fiscal year. To the maximum extent possible, the director shall establish the procedure described in this subsection in such a manner as to ensure that taxpayers can claim all the tax credits possible up to the cumulative amount of tax credits available for the fiscal year.

8. Each pregnancy resource center shall provide information to the director concerning the identity of each taxpayer making a contribution to the pregnancy resource center who is claiming a tax credit pursuant to this section and the amount of the contribution. The director shall provide the information to the director of revenue. The director shall be subject to the confidentiality and penalty provisions of section 32.057 relating to the disclosure of tax information.

9. [~~Under section 23.253 of the Missouri sunset act:~~

~~(1) The provisions of the program authorized under this section shall automatically sunset on December thirty-first six years after August 28, 2018, unless reauthorized by an act of the general assembly;~~

~~(2) If such program is reauthorized, the program authorized under this section shall automatically sunset on December thirty-first six years after the effective date of the reauthorization of this section;~~

~~(3) This section shall terminate on September first of the calendar year immediately following the calendar year in which a program authorized under this section is sunset; and~~

~~(4) The provisions of this subsection shall not be construed to limit or in any way impair the department's ability to issue tax credits authorized on or before the date the program authorized under this section expires or a taxpayer's ability to redeem such tax credits.~~] **The provisions of section 23.253 shall not apply to this section.**

188.010. **In recognition that Almighty God is the author of life , that all men and women are "endowed by their Creator with certain unalienable Rights, that among these are Life", and that article I, section 2 of the Constitution of Missouri provides that all persons have a natural right to life,** it is the intention of the general assembly of the state of Missouri to [~~grant~~]:

(1) Defend the right to life [~~to~~] **of** all humans, born and unborn[~~, and to~~];

(2) Declare that the state and all of its political subdivisions are a "sanctuary of life" that protects pregnant women and their unborn children; and

(3) Regulate abortion to the full extent permitted by the Constitution of the United States, decisions of the United States Supreme Court, and federal statutes.

188.015. As used in this chapter, the following terms mean:

(1) "Abortion":

(a) The act of using or prescribing any instrument, device, medicine, drug, or any other means or substance with the intent to destroy the life of an embryo or fetus in his or her mother's womb; or

(b) The intentional termination of the pregnancy of a mother by using or prescribing any instrument, device, medicine, drug, or other means or substance with an intention other than to increase the probability of a live birth or to remove a dead [~~or dying~~] unborn child;

(2) "Abortion facility", a clinic, physician's office, or any other place or facility in which abortions are performed or induced other than a hospital;

(3) "Conception", the fertilization of the ovum of a female by a sperm of a male;

(4) "Department", the department of health and senior services;

(5) **"Down Syndrome", the same meaning as defined in section 191.923;**

(6) "Gestational age", length of pregnancy as measured from the first day of the woman's last menstrual period;

[~~(6)~~] **(7)** "Medical emergency", a condition which, based on reasonable medical judgment, so complicates the medical condition of a pregnant woman as to necessitate the immediate abortion of her pregnancy to avert the death of the pregnant woman or for which a delay will create a serious risk of substantial and irreversible physical impairment of a major bodily function of the pregnant woman;

[~~(7)~~] **(8)** "Physician", any person licensed to practice medicine in this state by the state board of registration for the healing arts;

[~~(8)~~] **(9)** "Reasonable medical judgment", a medical judgment that would be made by a reasonably prudent physician, knowledgeable about the case and the treatment possibilities with respect to the medical conditions involved;

[~~(9)~~] **(10)** "Unborn child", the offspring of human beings from the moment of conception until birth and at every stage of its biological development, including the human conceptus, zygote, morula, blastocyst, embryo, and fetus;

[~~(10)~~] **(11)** "Viability" or "viable", that stage of fetal development when the life of the unborn child may be continued indefinitely outside the womb by natural or artificial life-supportive systems**;**

(12) "Viable pregnancy" or "viable intrauterine pregnancy", in the first trimester of pregnancy, an intrauterine pregnancy that can potentially result in a liveborn baby.

188.017. 1. This section shall be known and may be cited as the "Right to Life of the Unborn Child Act".

2. Notwithstanding any other provision of law to the contrary, no abortion shall be performed or induced upon a woman, except in cases of medical emergency. Any person who knowingly performs or induces an abortion of an unborn child in violation of this subsection shall be guilty of a class B felony, as well as subject to suspension or revocation of his or her professional license by his or her professional licensing board. A woman upon whom an abortion is performed or induced in violation of this subsection shall not be prosecuted for a conspiracy to violate the provisions of this subsection.

3. It shall be an affirmative defense for any person alleged to have violated the provisions of subsection 2 of this section that the person performed or induced an abortion because of a medical emergency. The defendant shall have the burden of persuasion that the defense is more probably true than not.

188.018. If any one or more provisions, sections, subsections, sentences, clauses, phrases, or words of this chapter or the application thereof to any person, circumstance, or period of gestational age is found to be unenforceable, unconstitutional, or invalid by a court of competent jurisdiction, the same is hereby declared to be severable and the balance of this chapter shall remain effective notwithstanding such unenforceability, unconstitutionality, or invalidity. The general assembly hereby declares that it would have passed each provision, section, subsection, sentence, clause, phrase, or word thereof, irrespective of the fact that any one or more provisions, sections, subsections, sentences, clauses, phrases, or words of this chapter, or the application of this chapter to any person, circumstance, or period of gestational age, would be declared unenforceable, unconstitutional, or invalid.

188.026. 1. This section and sections 188.056, 188.057, and 188.058 shall be known and may be cited as the "Missouri Stands for the Unborn Act".

2. In Roe v. Wade, 410 U.S. 113 (1973), certain information about the development of the unborn child, human pregnancy, and the effects of abortion was either not part of the record or was not available at the time. Since 1973, advances in medical and scientific technology have greatly expanded our knowledge of prenatal life and the effects of abortion on women. The general assembly of this state finds:

(1) At conception, a new genetically distinct human being is formed;

(2) The fact that the life of an individual human being begins at conception has long been recognized in Missouri law: "[T]he child is, in truth, alive from the moment of conception". State v. Emerich, 13 Mo. App. 492, 495 (1883), affirmed, 87 Mo. 110 (1885). Under section 1.205, the general assembly has recognized that the life of each human being

begins at conception and that unborn children have protectable interests in life, health, and well-being;

(3) The first prohibition of abortion in Missouri was enacted in 1825. Since then, the repeal and reenactment of prohibitions of abortion have made distinctions with respect to penalties for performing or inducing abortion on the basis of "quickening"; however, the unborn child was still protected from conception onward;

(4) In ruling that Missouri's prohibition on abortion was constitutional in 1972, the Missouri supreme court accepted as a stipulation of the parties that "'[i]nfant Doe, Intervenor Defendant in this case, and all other unborn children have all the qualities and attributes of adult human persons differing only in age or maturity. Medically, human life is a continuum from conception to death.'" Rodgers v. Danforth, 486 S.W.2d 258, 259 (1972);

(5) In Webster v. Reproductive Health Services, 492 U.S. 490 (1989), the Supreme Court, while considering the "preamble" that set forth "findings" in section 1.205, stated: "We think the extent to which the preamble's language might be used to interpret other state statutes or regulations is something that only the courts of Missouri can definitively decide. State law has offered protections to unborn children in tort and probate law". Id. at 506. Since *Webster*, Missouri courts have construed section 1.205 and have consistently found that an unborn child is a person for purposes of Missouri's homicide and assault laws when the unborn child's mother was killed or assaulted by another person. Section 1.205 has even been found applicable to the manslaughter of an unborn child who was eight weeks gestational age or earlier. State v. Harrison, 390 S.W.3d 927 (Mo. Ct. App. 2013);

(6) In medicine, a special emphasis is placed on the heartbeat. The heartbeat is a discernible sign of life at every stage of human existence. During the fifth week of gestational age, an unborn child's heart begins to beat and blood flow begins during the sixth week;

(7) Depending on the ultrasound equipment being used, the unborn child's heartbeat can be visually detected as early as six to eight weeks gestational age. By about twelve weeks gestational age, the unborn child's heartbeat can consistently be made audible through the use of a handheld Doppler fetal heart rate device;

(8) Confirmation of a pregnancy can be indicated through the detection of the unborn child's heartbeat, while the absence of a heartbeat can be an indicator of the death of the unborn child if the child has reached the point of development when a heartbeat should be detectable;

(9) Heart rate monitoring during pregnancy and labor is utilized to measure the heart rate and rhythm of the unborn child, at an average rate between one hundred ten and one hundred sixty beats per minute, and helps determine the health of the unborn child;

(10) The Supreme Court in *Roe* discussed "the difficult question of when life begins" and wrote: "[p]hysicians and their scientific colleagues have regarded [quickening] with less interest and have tended to focus either upon conception, upon live birth, or upon the interim point at which the fetus becomes 'viable', that is, potentially able to live outside the mother's womb, albeit with artificial aid". *Roe*, 410 U.S. at 160. Today, however, physicians' and scientists' interests on life in the womb also focus on other markers of development in the unborn child, including, but not limited to, presence of a heartbeat, brain development, a viable pregnancy or viable intrauterine pregnancy during the first trimester of pregnancy, and the ability to experience pain;

(11) In Planned Parenthood of Central Missouri v. Danforth, 428 U.S. 52 (1976), the Supreme Court noted that "we recognized in *Roe* that viability was a matter of medical judgment, skill, and technical ability, and we preserved the flexibility of the term". Id. at 64. Due to advances in medical technology and diagnoses, present-day physicians and scientists now describe the viability of an unborn child in an additional manner, by determining whether there is a viable pregnancy or viable intrauterine pregnancy during the first trimester of pregnancy;

(12) While the overall risk of miscarriage after clinical recognition of pregnancy is twelve to fifteen percent, the incidence decreases significantly if cardiac activity in the unborn child has been confirmed. The detection of a heartbeat in an unborn child is a reliable indicator of a viable pregnancy and that the unborn child will like ly survive to birth, especially if presenting for a prenatal visit at eight weeks gestational age or later. For asymptomatic women attending a first prenatal visit between six and eleven weeks gestational age where a heartbeat was confirmed through an ultrasound, the subsequent risk of miscarriage is one and six-tenths percent. Although the risk is higher at six weeks gestational age at nine and four-tenths percent, it declines rapidly to one and five-tenths percent at eight weeks gestational age, and less than one percent at nine weeks gestational age or later;

(13) The presence of a heartbeat in an unborn child represents a more definable point of ascertaining survivability than the ambiguous concept of viability that has been adopted by the Supreme Court, especially since if a heartbeat is detected at eight weeks gestational age or later in a normal pregnancy, there is likely to be a viable pregnancy and there is a high probability that the unborn child will survive to birth;

(14) The placenta begins developing during the early first trimester of pregnancy and performs a respiratory function by making oxygen supply to and carbon dioxide removal from the unborn child possible later in the first trimester and throughout the second and third trimesters of pregnancy;

(15) By the fifth week of gestation, the development of the brain of the unborn child is underway. Brain waves have been measured and recorded as early as the eighth week of gestational age in children who were removed during an ectopic pregnancy or hysterectomy. Fetal magnetic resonance imaging (MRI) of an unborn child's brain is used during the second and third trimesters of pregnancy and brain activity has been observed using MRI;

(16) Missouri law identifies the presence of circulation, respiration, and brain function as indicia of life under section 194.005, as the presence of circulation, respiration, and brain function indicates that such person is not legally dead, but is legally alive;

(17) Unborn children at eight weeks gestational age show spontaneous movements, such as a twitching of the trunk and developing limbs. It has been reported that unborn children at this stage show reflex responses to touch. The perioral area is the first part of the unborn child's body to respond to touch at about eight weeks gestational age and by fourteen weeks gestational age most of the unborn child's body is responsive to touch;

(18) Peripheral cutaneous sensory receptors, the receptors that feel pain, develop early in the unborn child. They appear in the perioral cutaneous area at around seven to eight weeks gestational age, in the palmar regions at ten to ten and a half weeks gestational age, the abdominal wall at fifteen weeks gestational age, and over all of the unborn child's body at sixteen weeks gestational age;

(19) Substance P, a peptide that functions as a neurotransmitter, especially in the transmission of pain, is present in the dorsal horn of the spinal cord of the unborn child at eight to ten weeks gestational age. Enkephalins, peptides that play a role in neurotransmission and pain modulation, are present in the dorsal horn at twelve to fourteen weeks gestational age;

(20) When intrauterine needling is performed on an unborn child at sixteen weeks gestational age or later, the reaction to this invasive stimulus is blood flow redistribution to the brain. Increased blood flow to the brain is the same type of stress response seen in a born child and an adult;

(21) By sixteen weeks gestational age, pain transmission from a peripheral receptor to the cortex is possible in the unborn child;

(22) Physicians provide anesthesia during in utero treatment of unborn children as early as sixteen weeks gestational age for certain procedures, including those to correct

fetal urinary tract obstruction. Anesthesia is administered by ultrasound-guided injection into the arm or leg of the unborn child;

(23) A leading textbook on prenatal development of the human brain states, "It may be concluded that, although nociperception (the actual perception of pain) awaits the appearance of consciousness, nociception (the experience of pain) is present some time before birth. In the absence of disproof, it is merely prudent to assume that pain can be experienced even early in prenatal life (Dr. J. Wisser, Zürich): the fetus should be given the benefit of the doubt". Ronan O'Rahilly & Fabiola Müller. The Embryonic Human Brain: An Atlas of Developmental Stages (3d ed. 2005);

(24) By fourteen or fifteen weeks gestational age or later, the predominant abortion method in Missouri is dilation and evacuation (D & E). The D & E abortion method includes the dismemberment, disarticulation, and exsanguination of the unborn child, causing the unborn child's death;

(25) The Supreme Court acknowledged in Gonzales v. Carhart, 550 U.S. 124, 160 (2007), that "the standard D & E is in some respects as brutal, if not more, than the intact D & E" partial birth abortion method banned by Congress and upheld as facially constitutional by the Supreme Court, even though the federal ban was applicable both before and after viability and had no exception for the health of the mother;

(26) Missouri's ban on the partial birth abortion method, section 565.300, is in effect because of Gonzales v. Carhart and the Supreme Court's subsequent decision in Nixon v. Reproductive Health Services of Planned Parenthood of the St. Louis Region, Inc., 550 U.S. 901 (2007), to vacate and remand to the appellate court the prior invalidation of section 565.300. Since section 565.300, like Congress' ban on partial birth abortion, is applicable both before and after viability, there is ample precedent for the general assembly to constitutionally prohibit the brutal D & E abortion method at fourteen weeks gestational age or later, even before the unborn child is viable, with a medical emergency exception;

(27) In Roper v. Simmons, 543 U.S. 551 (2005), the Supreme Court determined that "evolving standards of decency" dictated that a Missouri statute allowing the death penalty for a conviction of murder in the first degree for a person under eighteen years of age when the crime was committed was unconstitutional under the Eighth and Fourteenth Amendments to the United States Constitution because it violated the prohibition against "cruel and unusual punishments";

(28) In Bucklew v. Precythe, 139 S. Ct. 1112, 1123 (2019), the Supreme Court noted that "'[d]isgusting' practices" like disemboweling and quartering "readily qualified as

'cruel and unusual', as a reader at the time of the Eighth Amendment's adoption would have understood those words";

(29) Evolving standards of decency dictate that Missouri should prohibit the brutal and painful D & E abortion method at fourteen weeks gestational age or later, with a medical emergency exception, because if a comparable method of killing was used on:

(a) A person convicted of murder in the first degree, it would be cruel and unusual punishment; or

(b) An animal, it would be unlawful under state law because it would not be a humane method, humane euthanasia, or humane killing of certain animals under chapters 273 and 578;

(30) In *Roper*, the Supreme Court also found that "[i]t is proper that we acknowledge the overwhelming weight of international opinion against the juvenile death penalty.... The opinion of the world community, while not controlling our outcome, does provide respected and significant confirmation for our own conclusions". *Roper*, 543 U.S. at 578. In its opinion, the Supreme Court was instructed by "international covenants prohibiting the juvenile death penalty", such as the International Covenant on Civil and Political Rights, 999 U.N.T.S. 171. Id. at 577;

(31) The opinion of the world community, reflected in the laws of the United Nation's 193-member states and six other entities, is that in most countries, most abortions are prohibited after twelve weeks gestational age or later;

(32) The opinion of the world community is also shared by most Americans, who believe that most abortions in the second and third trimesters of pregnancy should be illegal, based on polling that has remained consistent since 1996;

(33) Abortion procedures performed later in pregnancy have a higher medical risk for women. Compared to an abortion at eight weeks gestational age or earlier, the relative risk increases exponentially at later gestational ages. The relative risk of death for a pregnant woman who had an abortion performed or induced upon her at:

(a) Eleven to twelve weeks gestational age is between three and four times higher than an abortion at eight weeks gestational age or earlier;

(b) Thirteen to fifteen weeks gestational age is almost fifteen times higher than an abortion at eight weeks gestational age or earlier;

(c) Sixteen to twenty weeks gestational age is almost thirty times higher than an abortion at eight weeks gestational age or earlier; and

(d) Twenty-one weeks gestational age or later is more than seventy-five times higher than an abortion at eight weeks gestational age or earlier;

(34) In addition to the short-term risks of an abortion, studies have found that the long-term physical and psychological consequences of abortion for women include, but are not limited to, an increased risk of preterm birth, low birthweight babies, and placenta previa in subsequent pregnancies, as well as serious behavioral health issues. These risks increase as abortions are performed or induced at later gestational ages. These consequences of an abortion have a detrimental effect not only on women, their children, and their families, but also on an already burdened health care system, taxpayers, and the workforce;

(35) A large percentage of women who have an abortion performed or induced upon them in Missouri each year are at less than eight weeks gestational age, a large majority are at less than fourteen weeks gestational age, a larger majority are at less than eighteen weeks gestational age, and an even larger majority are at less than twenty weeks gestational age. A prohibition on performing or inducing an abortion at eight weeks gestational age or later, with a medical emergency exception, does not amount to a substantial obstacle to a large fraction of women for whom the prohibition is relevant, which is pregnant women in Missouri who are seeking an abortion while not experiencing a medical emergency. The burden that a prohibition on performing or inducing an abortion at eight, fourteen, eighteen, or twenty weeks gestational age or later, with a medical emergency exception, might impose on abortion access, is outweighed by the benefits conferred upon the following:

(a) Women more advanced in pregnancy who are at greater risk of harm from abortion;

(b) Unborn children at later stages of development;

(c) The medical profession, by preserving its integrity and fulfilling its commitment to do no harm; and

(d) Society, by fostering respect for human life, born and unborn, at all stages of development, and by lessening societal tolerance of violence against innocent human life;

(36) In *Webster*, the Supreme Court noted, in upholding a Missouri statute, "that there may be a 4-week error in estimating gestational age". *Webster*, 492 U.S. at 516. Thus, an unborn child thought to be eight weeks gestational age might in fact be twelve weeks gestational age, when an abortion poses a greater risk to the woman and the unborn child is considerably more developed. An unborn child at fourteen weeks gestational age might be eighteen weeks gestational age and an unborn child at eighteen weeks gestational age might be twenty-two weeks gestational age, when an abortion poses a greater risk to the woman, the unborn child is considerably more developed, the abortion method likely to be employed is more brutal, and the risk of pain experienced by the unborn child is

greater. An unborn child at twenty weeks gestational age might be twenty-four weeks gestational age, when an abortion poses a greater risk to the woman, the unborn child is considerably more developed, the abortion method likely to be employed is more brutal, the risk of pain experienced by the unborn child is greater, and the unborn child may be viable.

3. The state of Missouri is bound by Article VI, Clause 2 of the Constitution of the United States that "all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land". One such treaty is the International Covenant on Civil and Political Rights, entered into force on March 23, 1976, and adopted by the United States on September 8, 1992. In ratifying the Covenant, the United States declared that while the provisions of Articles 1 through 27 of the Covenant are not self-executing, the United States' understanding is that state governments share responsibility with the federal government in implementing the Covenant.

4. Article 6, Paragraph 1, U.N.T.S. at 174, of the International Covenant on Civil and Political Rights states, "Every human being has the inherent right to life. This right shall be protected by law. No one shall be arbitrarily deprived of his life". The state of Missouri takes seriously its obligation to comply with the Covenant and to implement this paragraph as it relates to the inherent right to life of unborn human beings, protecting the rights of unborn human beings by law, and ensuring that such unborn human beings are not arbitrarily deprived of life. The state of Missouri hereby implements Article 6, Paragraph 1 of the Covenant by the regulation of abortion in this state.

5. The state of Missouri has interests that include, but are not limited to:

(1) Protecting unborn children throughout pregnancy and preserving and promoting their lives from conception to birth;

(2) Encouraging childbirth over abortion;

(3) Ensuring respect for all human life from conception to natural death;

(4) Safeguarding an unborn child from the serious harm of pain by an abortion method that would cause the unborn child to experience pain while she or he is being killed;

(5) Preserving the integrity of the medical profession and regulating and restricting practices that might cause the medical profession or society as a whole to become insensitive, even disdainful, to life. This includes regulating and restricting abortion methods that are not only brutal and painful, but if allowed to continue, will further coarsen society to the humanity of not only unborn children, but all vulnerable and innocent human life, making it increasingly difficult to protect such life;

(6) Ending the incongruities in state law by permitting some unborn children to be killed by abortion, while requiring that unborn children be protected in non-abortion circumstances through, including, but not limited to, homicide, assault, self-defense, and defense of another statutes; laws guaranteeing prenatal health care, emergency care, and testing; state-sponsored health insurance for unborn children; the prohibition of restraints in correctional institutions to protect pregnant offenders and their unborn children; and protecting the interests of unborn children by the appointment of conservators, guardians, and representatives;

(7) Reducing the risks of harm to pregnant women who obtain abortions later in pregnancy; and

(8) Avoiding burdens on the health care system, taxpayers, and the workforce because of increased preterm births, low birthweight babies, compromised pregnancies, extended postpartum recoveries, and behavioral health problems caused by the long-term effects of abortions performed or induced later in the pregnancy.

188.027. 1. Except in [~~the case~~] **cases** of medical emergency, no abortion shall be performed or induced on a woman without her voluntary and informed consent, given freely and without coercion. Consent to an abortion is voluntary and informed and given freely and without coercion if, and only if, at least seventy-two hours prior to the abortion:

(1) The physician who is to perform or induce the abortion, a qualified professional, or the referring physician has informed the woman orally, reduced to writing, and in person, of the following:

(a) The name of the physician who will perform or induce the abortion;

(b) Medically accurate information that a reasonable patient would consider material to the decision of whether or not to undergo the abortion, including:

a. A description of the proposed abortion method;

b. The immediate and long-term medical risks to the woman associated with the proposed abortion method including, but not limited to, infection, hemorrhage, cervical tear or uterine perforation, harm to subsequent pregnancies or the ability to carry a subsequent child to term, and possible adverse psychological effects associated with the abortion; and

c. The immediate and long-term medical risks to the woman, in light of the anesthesia and medication that is to be administered, the unborn child's gestational age, and the woman's medical history and medical condition;

(c) Alternatives to the abortion which shall include making the woman aware that information and materials shall be provided to her detailing such alternatives to the abortion;

(d) A statement that the physician performing or inducing the abortion is available for any questions concerning the abortion, together with the telephone number that the physician may be later reached to answer any questions that the woman may have;

(e) The location of the hospital that offers obstetrical or gynecological care located within thirty miles of the location where the abortion is performed or induced and at which the physician performing or inducing the abortion has clinical privileges and where the woman may receive follow-up care by the physician if complications arise;

(f) The gestational age of the unborn child at the time the abortion is to be performed or induced; and

(g) The anatomical and physiological characteristics of the unborn child at the time the abortion is to be performed or induced;

(2) The physician who is to perform or induce the abortion or a qualified professional has presented the woman, in person, printed materials provided by the department, which describe the probable anatomical and physiological characteristics of the unborn child at two-week gestational increments from conception to full term, including color photographs or images of the developing unborn child at two-week gestational increments. Such descriptions shall include information about brain and heart functions, the presence of external members and internal organs during the applicable stages of development and information on when the unborn child is viable. The printed materials shall prominently display the following statement: "The life of each human being begins at conception. Abortion will terminate the life of a separate, unique, living human being.";

(3) The physician who is to perform or induce the abortion, a qualified professional, or the referring physician has presented the woman, in person, printed materials provided by the department, which describe the various surgical and drug-induced methods of abortion relevant to the stage of pregnancy, as well as the immediate and long-term medical risks commonly associated with each abortion method including, but not limited to, infection, hemorrhage, cervical tear or uterine perforation, harm to subsequent pregnancies or the ability to carry a subsequent child to term, and the possible adverse psychological effects associated with an abortion;

(4) The physician who is to perform or induce the abortion or a qualified professional shall provide the woman with the opportunity to view at least seventy-two hours prior to the abortion an active ultrasound of the unborn child and hear the heartbeat of the unborn child if the heartbeat is audible. The woman shall be provided with a geographically indexed list maintained by the department of health care providers, facilities, and clinics that perform ultrasounds, including those that offer ultrasound services free of charge. Such materials shall provide contact information for each provider, facility, or clinic including telephone numbers

and, if available, website addresses. Should the woman decide to obtain an ultrasound from a provider, facility, or clinic other than the abortion facility, the woman shall be offered a reasonable time to obtain the ultrasound examination before the date and time set for performing or inducing an abortion. The person conducting the ultrasound shall ensure that the active ultrasound image is of a quality consistent with standard medical practice in the community, contains the dimensions of the unborn child, and accurately portrays the presence of external members and internal organs, if present or viewable, of the unborn child. The auscultation of fetal heart tone must also be of a quality consistent with standard medical practice in the community. If the woman chooses to view the ultrasound or hear the heartbeat or both at the abortion facility, the viewing or hearing or both shall be provided to her at the abortion facility at least seventy-two hours prior to the abortion being performed or induced;

(5) [~~Prior to an abortion being performed or induced on an unborn child of twenty-two weeks gestational age or older, the physician who is to perform or induce the abortion or a qualified professional has presented the woman, in person, printed materials provided by the department that offer information on the possibility of the abortion causing pain to the unborn child. This information shall include, but need not be limited to, the following:~~

~~(a) At least by twenty-two weeks of gestational age, the unborn child possesses all the anatomical structures, including pain receptors, spinal cord, nerve tracts, thalamus, and cortex, that are necessary in order to feel pain;~~

~~(b) A description of the actual steps in the abortion procedure to be performed or induced, and at which steps the abortion procedure could be painful to the unborn child;~~

~~(c) There is evidence that by twenty-two weeks of gestational age, unborn children seek to evade certain stimuli in a manner that in an infant or an adult would be interpreted as a response to pain;~~

~~(d) Anesthesia is given to unborn children who are twenty-two weeks or more gestational age who undergo prenatal surgery;~~

~~(e) Anesthesia is given to premature children who are twenty-two weeks or more gestational age who undergo surgery;~~

~~(f) Anesthesia or an analgesic is available in order to minimize or alleviate the pain to the unborn child~~] **The printed materials provided by the department shall include information on the possibility of an abortion causing pain in the unborn child. This information shall include, but need not be limited to, the following:**

(a) Unborn children as early as eight weeks gestational age start to show spontaneous movements and unborn children at this stage in pregnancy show reflex responses to touch;

(b) In the unborn child, the area around his or her mouth and lips is the first part of the unborn child's body to respond to touch and by fourteen weeks gestational age most of the unborn child's body is responsive to touch;

(c) Pain receptors on the unborn child's skin develop around his or her mouthat around seven to eight weeks gestational age, around the palms of his or her hands at ten to ten and a half weeks, on the abdominal wall at fifteen weeks, and over all of his or her body at sixteen weeks gestational age;

(d) Beginning at sixteen weeks gestational age and later, it is possible for pain to be transmitted from receptors to the cortex of the unborn child's brain, where thinking and perceiving occur;

(e) When a physician performs a life-saving surgery, he or she provides anesthesia to unborn children as young as sixteen weeks gestational age in order to alleviate the unborn child's pain; and

(f) A description of the actual steps in the abortion procedure to be performed or induced and at which steps the abortion procedure could be painful to the unborn child;

(6) The physician who is to perform or induce the abortion or a qualified professional has presented the woman, in person, printed materials provided by the department explaining to the woman alternatives to abortion she may wish to consider. Such materials shall:

(a) Identify on a geographical basis public and private agencies available to assist a woman in carrying her unborn child to term, and to assist her in caring for her dependent child or placing her child for adoption, including agencies commonly known and generally referred to as pregnancy resource centers, crisis pregnancy centers, maternity homes, and adoption agencies. Such materials shall provide a comprehensive list by geographical area of the agencies, a description of the services they offer, and the telephone numbers and addresses of the agencies; provided that such materials shall not include any programs, services, organizations, or affiliates of organizations that perform or induce, or assist in the performing or inducing of, abortions or that refer for abortions;

(b) Explain the Missouri alternatives to abortion services program under section 188.325, and any other programs and services available to pregnant women and mothers of newborn children offered by public or private agencies which assist a woman in carrying her unborn child to term and assist her in caring for her dependent child or placing her child for adoption, including but not limited to prenatal care; maternal health care; newborn or infant care; mental health services; professional counseling services; housing programs; utility assistance; transportation services; food, clothing, and supplies related to pregnancy; parenting skills; educational programs; job training and placement services; drug and alcohol testing and treatment; and adoption assistance;

(c) Identify the state website for the Missouri alternatives to abortion services program under section 188.325, and any toll-free number established by the state operated in conjunction with the program;

(d) Prominently display the statement: "There are public and private agencies willing and able to help you carry your child to term, and to assist you and your child after your child is born, whether you choose to keep your child or place him or her for adoption. The state of Missouri encourages you to contact those agencies before making a final decision about abortion. State law requires that your physician or a qualified professional give you the opportunity to call agencies like these before you undergo an abortion.";

(7) The physician who is to perform or induce the abortion or a qualified professional has presented the woman, in person, printed materials provided by the department explaining that the father of the unborn child is liable to assist in the support of the child, even in instances where he has offered to pay for the abortion. Such materials shall include information on the legal duties and support obligations of the father of a child, including, but not limited to, child support payments, and the fact that paternity may be established by the father's name on a birth certificate or statement of paternity, or by court action. Such printed materials shall also state that more information concerning paternity establishment and child support services and enforcement may be obtained by calling the family support division within the Missouri department of social services; and

(8) The physician who is to perform or induce the abortion or a qualified professional shall inform the woman that she is free to withhold or withdraw her consent to the abortion at any time without affecting her right to future care or treatment and without the loss of any state or federally funded benefits to which she might otherwise be entitled.

2. All information required to be provided to a woman considering abortion by subsection 1 of this section shall be presented to the woman individually, in the physical presence of the woman and in a private room, to protect her privacy, to maintain the confidentiality of her decision, to ensure that the information focuses on her individual circumstances, to ensure she has an adequate opportunity to ask questions, and to ensure that she is not a victim of coerced abortion. Should a woman be unable to read materials provided to her, they shall be read to her. Should a woman need an interpreter to understand the information presented in the written materials, an interpreter shall be provided to her. Should a woman ask questions concerning any of the information or materials, answers shall be provided in a language she can understand.

3. No abortion shall be performed or induced unless and until the woman upon whom the abortion is to be performed or induced certifies in writing on a checklist form provided by the department that she has been presented all the information required in subsection 1 of this

section, that she has been provided the opportunity to view an active ultrasound image of the unborn child and hear the heartbeat of the unborn child if it is audible, and that she further certifies that she gives her voluntary and informed consent, freely and without coercion, to the abortion procedure.

4. ~~[No abortion shall be performed or induced on an unborn child of twenty-two weeks gestational age or older unless and until the woman upon whom the abortion is to be performed or induced has been provided the opportunity to choose to have an anesthetic or analgesic administered to eliminate or alleviate pain to the unborn child caused by the particular method of abortion to be performed or induced. The administration of anesthesia or analgesics shall be performed in a manner consistent with standard medical practice in the community.~~

~~5.~~] No physician shall perform or induce an abortion unless and until the physician has obtained from the woman her voluntary and informed consent given freely and without coercion. If the physician has reason to believe that the woman is being coerced into having an abortion, the physician or qualified professional shall inform the woman that services are available for her and shall provide her with private access to a telephone and information about such services, including but not limited to the following:

(1) Rape crisis centers, as defined in section 455.003;

(2) Shelters for victims of domestic violence, as defined in section 455.200; and

(3) Orders of protection, pursuant to chapter 455.

[~~6.~~] **5.** The physician who is to perform or induce the abortion shall, at least seventy-two hours prior to such procedure, inform the woman orally and in person of:

(1) The immediate and long-term medical risks to the woman associated with the proposed abortion method including, but not limited to, infection, hemorrhage, cervical tear or uterine perforation, harm to subsequent pregnancies or the ability to carry a subsequent child to term, and possible adverse psychological effects associated with the abortion; and

(2) The immediate and long-term medical risks to the woman, in light of the anesthesia and medication that is to be administered, the unborn child's gestational age, and the woman's medical history and medical conditions.

[~~7.~~] **6.** No physician shall perform or induce an abortion unless and until the physician has received and signed a copy of the form prescribed in subsection 3 of this section. The physician shall retain a copy of the form in the patient's medical record.

[~~8.~~] **7.** In the event of a medical emergency [~~as provided by section 188.039~~], the physician who performed or induced the abortion shall clearly certify in writing the nature and circumstances of the medical emergency. This certification shall be signed by the physician who performed or induced the abortion, and shall be maintained under section 188.060.

[~~9.~~] **8.** No person or entity shall require, obtain, or accept payment for an abortion from or on behalf of a patient until at least seventy-two hours have passed since the time that the information required by subsection 1 of this section has been provided to the patient. Nothing in this subsection shall prohibit a person or entity from notifying the patient that payment for the abortion will be required after the seventy-two-hour period has expired if she voluntarily chooses to have the abortion.

[~~10.~~] **9.** The term "qualified professional" as used in this section shall refer to a physician, physician assistant, registered nurse, licensed practical nurse, psychologist, licensed professional counselor, or licensed social worker, licensed or registered under chapter 334, 335, or 337, acting under the supervision of the physician performing or inducing the abortion, and acting within the course and scope of his or her authority provided by law. The provisions of this section shall not be construed to in any way expand the authority otherwise provided by law relating to the licensure, registration, or scope of practice of any such qualified professional.

[~~11.~~] **10.** By November 30, 2010, the department shall produce the written materials and forms described in this section. Any written materials produced shall be printed in a typeface large enough to be clearly legible. All information shall be presented in an objective, unbiased manner designed to convey only accurate scientific and medical information. The department shall furnish the written materials and forms at no cost and in sufficient quantity to any person who performs or induces abortions, or to any hospital or facility that provides abortions. The department shall make all information required by subsection 1 of this section available to the public through its department website. The department shall maintain a toll-free, twenty-four-hour hotline telephone number where a caller can obtain information on a regional basis concerning the agencies and services described in subsection 1 of this section. No identifying information regarding persons who use the website shall be collected or maintained. The department shall monitor the website on a regular basis to prevent tampering and correct any operational deficiencies.

[~~12.~~] **11.** In order to preserve the compelling interest of the state to ensure that the choice to consent to an abortion is voluntary and informed, and given freely and without coercion, the department shall use the procedures for adoption of emergency rules under section 536.025 in order to promulgate all necessary rules, forms, and other necessary material to implement this section by November 30, 2010.

[~~13.~~] **12.** If the provisions in subsections 1 and [~~9~~] **8** of this section requiring a seventy-two-hour waiting period for an abortion are ever temporarily or permanently restrained or enjoined by judicial order, then the waiting period for an abortion shall be twenty-four hours; provided, however, that if such temporary or permanent restraining order or injunction is stayed

or dissolved, or otherwise ceases to have effect, the waiting period for an abortion shall be seventy-two hours.

188.028. 1. **Except in the case of a medical emergency,** no person shall knowingly perform **or induce** an abortion upon a pregnant woman under the age of eighteen years unless:

(1) The attending physician has secured the informed written consent of the minor and one parent or guardian**, and the consenting parent or guardian of the minor has notified any other custodial parent in writing prior to the securing of the informed written consent of the minor and one parent or guardian. For purposes of this subdivision, "custodial parent" shall only mean a parent of a minor who has been awarded joint legal custody or joint physical custody of such minor by a court of competent jurisdiction. Notice shall not be required for any parent:**

(a) Who has been found guilty of any offense in violation of chapter 565, relating to offenses against the person; chapter 566, relating to sexual offenses; chapter 567, relating to prostitution; chapter 568, relating to offenses against the family; or chapter 573, related to pornography and related offenses, if a child was a victim;

(b) Who has been found guilty of any offense in any other state or foreign country, or under federal, tribal, or military jurisdiction if a child was a victim, which would be a violation of chapters 565, 566, 567, 568, or 573 if committed in this state;

(c) Who is listed on the sexual offender registry under sections 589.400 to 589.425;

(d) Against whom an order of protection has been issued, including a foreign order of protection given full faith and credit in this state under section 455.067;

(e) Whose custodial, parental, or guardianship rights have been terminated by a court of competent jurisdiction; or

(f) Whose whereabouts are unknown after reasonable inquiry, who is a fugitive from justice, who is habitually in an intoxicated or drugged condition, or who has been declared mentally incompetent or incapacitated by a court of competent jurisdiction; **[**~~or~~**]**

(2) The minor is emancipated and the attending physician has received the informed written consent of the minor; **[**~~or~~**]**

(3) The minor has been granted the right to self-consent to the abortion by court order pursuant to subsection 2 of this section, and the attending physician has received the informed written consent of the minor; or

(4) The minor has been granted consent to the abortion by court order, and the court has given its informed written consent in accordance with subsection 2 of this section, and the minor is having the abortion willingly, in compliance with subsection 3 of this section.

2. The right of a minor to self-consent to an abortion under subdivision (3) of subsection 1 of this section or court consent under subdivision (4) of subsection 1 of this section may be granted by a court pursuant to the following procedures:

(1) The minor or next friend shall make an application to the juvenile court which shall assist the minor or next friend in preparing the petition and notices required pursuant to this section. The minor or the next friend of the minor shall thereafter file a petition setting forth the initials of the minor; the age of the minor; the names and addresses of each parent, guardian, or, if the minor's parents are deceased and no guardian has been appointed, any other person standing in loco parentis of the minor; that the minor has been fully informed of the risks and consequences of the abortion; that the minor is of sound mind and has sufficient intellectual capacity to consent to the abortion; that, if the court does not grant the minor majority rights for the purpose of consent to the abortion, the court should find that the abortion is in the best interest of the minor and give judicial consent to the abortion; that the court should appoint a guardian ad litem of the child; and if the minor does not have private counsel, that the court should appoint counsel. The petition shall be signed by the minor or the next friend;

(2) A hearing on the merits of the petition, to be held on the record, shall be held as soon as possible within five days of the filing of the petition. If any party is unable to afford counsel, the court shall appoint counsel at least twenty-four hours before the time of the hearing. At the hearing, the court shall hear evidence relating to the emotional development, maturity, intellect and understanding of the minor; the nature, possible consequences, and alternatives to the abortion; and any other evidence that the court may find useful in determining whether the minor should be granted majority rights for the purpose of consenting to the abortion or whether the abortion is in the best interests of the minor;

(3) In the decree, the court shall for good cause:

(a) Grant the petition for majority rights for the purpose of consenting to the abortion; **[**~~or~~**]**

(b) Find the abortion to be in the best interests of the minor and give judicial consent to the abortion, setting forth the grounds for so finding; or

(c) Deny the petition, setting forth the grounds on which the petition is denied;

(4) If the petition is allowed, the informed consent of the minor, pursuant to a court grant of majority rights, or the judicial consent, shall bar an action by the parents or guardian of the minor on the grounds of battery of the minor by those performing **or inducing** the abortion. The immunity granted shall only extend to the performance **or induction** of the abortion in accordance herewith and any necessary accompanying services which are performed in a competent manner. The costs of the action shall be borne by the parties;

(5) An appeal from an order issued under the provisions of this section may be taken to the court of appeals of this state by the minor or by a parent or guardian of the minor. The notice of intent to appeal shall be given within twenty-four hours from the date of issuance of the order. The record on appeal shall be completed and the appeal shall be perfected within five days from the filing of notice to appeal. Because time may be of the essence regarding the performance **or induction** of the abortion, the supreme court of this state shall, by court rule, provide for expedited appellate review of cases appealed under this section.

3. If a minor desires an abortion, then she shall be orally informed of and, if possible, sign the written consent required **[**~~by section 188.039~~**]** **under this chapter** in the same manner as an adult person. No abortion shall be performed **or induced** on any minor against her will, except that an abortion may be performed **or induced** against the will of a minor pursuant to a court order described in subdivision (4) of subsection 1 of this section that the abortion is necessary to preserve the life of the minor.

188.033. Whenever an abortion facility or a family planning agency located in this state, or any of its agents or employees acting within the scope of his or her authority or employment, provides to a woman considering an abortion the name, address, telephone number, or website of an abortion provider that is located outside of the state, such abortion facility or family planning agency or its agents or employees shall also provideto such woman the printed materials produced by the department under section 188.027. If the name, address, telephone number, or website of such abortion provider is not provided to such woman in person, such printed materials shall be offered to her, and ifshe chooses, sent to such woman at no cost to her the same day or as soon as possible either electronically or by U.S. mail overnight delivery service or by other overnight or same-day delivery service to an address of such woman's choosing. The department shall furnish such printed materials at no cost and in sufficient quantities to abortion facilities and family planning agencies located within the state.

188.038. 1. The general assembly of this state finds that:

(1) Removing vestiges of any past bias or discrimination against pregnant women, their partners, and their family members, including their unborn children, is an important task for those in the legal, medical, social services, and human services professions;

(2) Ending any current bias or discrimination against pregnant women, their partners, and their family members, including their unborn children, is a legitimate purpose of government in order to guarantee that those who "are endowed by their Creator with certain unalienable Rights" can enjoy "Life, Liberty and the pursuit of Happiness";

(3) The historical relationship of bias or discrimination by some family planning programs and policies towards poor and minority populations, including, but not limited to, the nonconsensual sterilization of mentally ill, poor, minority, and immigrant women and other coercive family planning programs and policies, must be rejected;

(4) Among Missouri residents, the rate of black or African-American women who undergo abortions is significantly higher, about three and a half times higher, than the rate of white women who undergo abortions. Among Missouri residents, the rate of black or African-American women who undergo repeat abortions is significantly higher, about one and a half times higher, than the rate of white women who undergo repeat abortions;

(5) Performing or inducing an abortion because of the sex of the unborn child is repugnant to the values of equality of females and males and the same opportunities for girls and boys, and furthers a false mindset of female inferiority;

(6) Government has a legitimate interest in preventing the abortion of unborn children with Down Syndrome because it is a form of bias or disability discrimination and victimizes the disabled unborn child at his or her most vulnerable stage. Eliminating unborn children with Down Syndrome raises grave concerns for the lives of those who do live with disabilities. It sends a message of dwindling support for their unique challenges, fosters a false sense that disability is something that could have been avoidable, and is likely to increase the stigma associated with disability.

2. No person shall perform or induce an abortion on a woman if the person knows that the woman is seeking the abortion solely because of a prenatal diagnosis, test, or screening indicating Down Syndrome or the potential of Down Syndrome in an unborn child.

3. No person shall perform or induce an abortion on a woman if the person knows that the woman is seeking the abortion solely because of the sex or race of the unborn child.

4. Any physician or other person who performs or induces or attempts to perform or induce an abortion prohibited by this section shall be subject to all applicable civil penalties under this chapter including, but not limited to, sections 188.065 and 188.085.

188.043. 1. No person shall perform or induce **[**~~a surgical or medical~~**]** **an** abortion **on another** unless such person has **[**~~proof of~~**]** medical malpractice insurance with coverage amounts of at least **[**~~five hundred thousand dollars~~**]** **one million dollars per occurrence and three million dollars in the annual aggregate**.

2. For the purpose of this section, "medical malpractice insurance" means insurance coverage against the legal liability of the insured and against loss, damage, or expense incident to a claim arising out of the death or injury of any person as a result of the negligence or malpractice in rendering professional service by any health care provider.

3. No abortion facility or hospital shall employ or engage the services of a person to perform [~~one or more abortions~~] **or induce an abortion on another** if the person does not have [~~proof of~~] medical malpractice insurance pursuant to this section, except **that** the abortion facility or hospital may provide medical malpractice insurance for the services of persons employed or engaged by such facility or hospital **which is no less than the coverage amounts set forth in this section**.

4. Notwithstanding the provisions of section 334.100, failure of a person to maintain the medical malpractice insurance required by this section shall be an additional ground for sanctioning of a person's license, certificate, or permit.

188.044. 1. When a drug or chemical, or combination thereof, used by a person to induce an abortion carries a warning from its manufacturer or distributor, a peer-reviewed medical journal article, or a Food and Drug Administration label that its use may cause birth defects, disability, or other injury in a child who survives the abortion, then in addition to the requirements of section 188.043, such person shall also carry tail insurance with coverage amounts of at least one million dollars per occurrence and three million dollars in the annual aggregate for personal injury to or death of a child who survives such abortion. Such policy shall be maintained in force or be in effect for a period of twenty-one years after the person used the drug or chemical, or combination thereof, to induce the abortion.

2. For the purpose of this section, "tail insurance" means insurance which covers the legal liability of the insured once a medical malpractice insurance policy is cancelled, not renewed, or terminated, and covers claims made after such cancellation or termination for acts occurring during the period the prior medical malpractice insurance was in effect.

3. No abortion facility or hospital shall employ or engage the services of a person to induce an abortion on another using any drug or chemical, or combination thereof, which may cause birth defects, disability, or other injury in a child who survives the abortion, if the person does not have tail insurance pursuant to this section, except that the abortion facility or hospital may provide tail insurance for the services of persons employed or engaged by such facility or hospital which is no less than the coverage amounts and duration set forth in this section.

4. Notwithstanding the provisions of section 334.100 to the contrary, failure of a person to maintain the tail insurance required by this section shall be an additional ground for sanctioning of a person's license, certificate, or permit.

188.052. 1. An individual abortion report for each abortion performed or induced upon a woman shall be completed by [~~her attending~~] **the** physician **who performed or induced the abortion. Abortion reports shall include, but not be limited to, a certification that the**

physician does not have any knowledge that the woman sought the abortion solely because of a prenatal diagnosis, test, or screening indicating Down Syndrome or the potential of Down Syndrome in the unborn child and a certification that the physician does not have any knowledge that the woman sought the abortion solely because of the sex or race of the unborn child.

2. An individual complication report for any post-abortion care performed upon a woman shall be completed by the physician providing such post-abortion care. This report shall include:

(1) The date of the abortion;

(2) The name and address of the abortion facility or hospital where the abortion was performed **or induced**;

(3) The nature of the abortion complication diagnosed or treated.

3. All abortion reports shall be signed by the attending physician[,] **who performed or induced the abortion** and submitted to the [~~state~~] department [~~of health and senior services~~] within forty-five days from the date of the abortion. All complication reports shall be signed by the physician providing the post-abortion care and submitted to the department [~~of health and senior services~~] within forty-five days from the date of the post-abortion care.

4. A copy of the abortion report shall be made a part of the medical record of the patient of the **abortion** facility or hospital in which the abortion was performed **or induced**.

5. The [~~state~~] department [~~of health and senior services~~] shall be responsible for collecting all abortion reports and complication reports and collating and evaluating all data gathered therefrom and shall annually publish a statistical report based on such data from abortions performed **or induced** in the previous calendar year.

188.056. 1. Notwithstanding any other provision of law to the contrary, no abortion shall be performed or induced upon a woman at eight weeks gestational age or later, except in cases of medical emergency. Any person who knowingly performs or induces an abortion of an unborn child in violation of this subsection shall be guilty of a class B felony, as well as subject to suspension or revocation of his or her professional license by his or her professional licensing board. A woman upon whom an abortion is performed or induced in violation of this subsection shall not be prosecuted for a conspiracy to violate the provisions of this section.

2. It shall be an affirmative defense for any person alleged to have violated the provisions of subsection 1 of this section that the person performed or induced an abortion because of a medical emergency. The defendant shall have the burden of persuasion that the defense is more probably true than not.

3. Prosecution under this section shall bar prosecution under sections 188.057, 188.058, or 188.375 if prosecution under such sections would violate the provisions of

Amendment V to the Constitution of the United States or article I, section 19 of the Constitution of Missouri.

4. If any one or more provisions, subsections, sentences, clauses, phrases, or words of this section or the application thereof to any person, circumstance, or period of gestational age is found to be unenforceable, unconstitutional, or invalid by a court of competent jurisdiction, the same is hereby declared to be severable and the balance of the section shall remain effective notwithstanding such unenforceability, unconstitutionality, or invalidity. The general assembly hereby declares that it would have passed this section, and each provision, subsection, sentence, clause, phrase, or word thereof, irrespective of the fact that any one or more provisions, subsections, sentences, clauses, phrases, or words of the section, or the application of the section to any person, circumstance, or period of gestational age, would be declared unenforceable, unconstitutional, or invalid.

188.057. 1. Notwithstanding any other provision of law to the contrary, no abortion shall be performed or induced upon a woman at fourteen weeks gestational age or later, except in cases of medical emergency. Any person who knowingly performs or induces an abortion of an unborn child in violation of this subsection shall be guilty of a class B felony, as well as subject to suspension or revocation of his or her professional license by his or her professional licensing board. A woman upon whom an abortion is performed or induced in violation of this subsection shall not be prosecuted for a conspiracy to violate the provisions of this section.

2. It shall be an affirmative defense for any person alleged to have violated the provisions of subsection 1 of this section that the person performed or induced an abortion because of a medical emergency. The defendant shall have the burden of persuasion that the defense is more probably true than not.

3. Prosecution under this section shall bar prosecution under sections 188.056, 188.058, or 188.375 if prosecution under such sections would violate the provisions of Amendment V to the Constitution of the United States or article I, section 19 of the Constitution of Missouri.

4. If any one or more provisions, subsections, sentences, clauses, phrases, or words of this section or the application thereof to any person, circumstance, or period of gestational age is found to be unenforceable, unconstitutional, or invalid by a court of competent jurisdiction, the same is hereby declared to be severable and the balance of the section shall remain effective notwithstanding such unenforceability, unconstitutionality, or invalidity. The general assembly hereby declares that it would have passed this section, and each provision, subsection, sentence, clause, phrase, or word thereof, irrespective of the fact that any one or more provisions, subsections, sentences, clauses, phrases, or words

of the section, or the application of the section to any person, circumstance, or period of gestational age, would be declared unenforceable, unconstitutional, or invalid.

188.058. 1. Notwithstanding any other provision of law to the contrary, no abortion shall be performed or induced upon a woman at eighteen weeks gestational age or later, except in cases of medical emergency. Any person who knowingly performs or induces an abortion of an unborn child in violation of this subsection shall be guilty of a class B felony, as well as subject to suspension or revocation of his or her professional license by his or her professional licensing board. A woman upon whom an abortion is performed or induced in violation of this section shall not be prosecuted for a conspiracy to violate the provisions of this section.

2. It shall be an affirmative defense for any person alleged to have violated the provisions of subsection 1 of this section that the person performed or induced an abortion because of a medical emergency. The defendant shall have the burden of persuasion that the defense is more probably true than not.

3. Prosecution under this section shall bar prosecution under sections 188.056, 188.057, or 188.375 if prosecution under such sections would violate the provisions of Amendment V to the Constitution of the United States or article I, section 19 of the Constitution of Missouri.

4. If any one or more provisions, subsections, sentences, clauses, phrases, or words of this section or the application thereof to any person, circumstance, or period of gestational age is found to be unenforceable, unconstitutional, or invalid by a court of competent jurisdiction, the same is hereby declared to be severable and the balance of the section shall remain effective notwithstanding such unenforceability, unconstitutionality, or invalidity. The general assembly hereby declares that it would have passed this section, and each provision, subsection, sentence, clause, phrase, or word thereof, irrespective of the fact that any one or more provisions, subsections, sentences, clauses, phrases, or words of the section, or the application of the section to any person, circumstance, or period of gestational age, would be declared unenforceable, unconstitutional, or invalid.

188.375. 1. This section shall be known and may be cited as the "Late-Term Pain-Capable Unborn Child Protection Act".

2. As used in this section, the phrase "late-term pain-capable unborn child" shall mean an unborn child at twenty weeks gestational age or later.

3. Notwithstanding any other provision of law to the contrary, no abortion shall be performed or induced upon a woman carrying a late-term pain-capable unborn child, except in cases of medical emergency. Any person who knowingly performs or induces an abortion of a late-term pain-capable unborn child in violation of this subsection shall be

guilty of a class B felony, as well as subject to suspension or revocation of his or her professional license by his or her professional licensing board. A woman upon whom an abortion is performed or induced in violation of this subsection shall not be prosecuted for a conspiracy to violate the provisions of this subsection.

4. It shall be an affirmative defense for any person alleged to have violated the provisions of subsection 3 of this section that the person performed or induced an abortion because of a medical emergency. The defendant shall have the burden of persuasion that the defense is more probably true than not.

5. Prosecution under subsection 3 of this section shall bar prosecution under sections 188.056, 188.057, or 188.058 if prosecution under such sections would violate the provisions of Amendment V to the Constitution of the United States or article I, section 19 of the Constitution of Missouri.

6. When in cases of medical emergency a physician performs or induces an abortion upon a woman in her third trimester carrying a late-term pain-capable unborn child, the physician shall utilize the available method or technique of abortion most likely to preserve the life or health of the unborn child. In cases where the method or technique of abortion most likely to preserve the life or health of the unborn child would present a greater risk to the life or health of the woman than another legally permitted and available method or technique, the physician may utilize such other method or technique. In all cases where the physician performs or induces an abortion upon a woman during her third trimester carrying a late-term pain-capable unborn child, the physician shall certify in writing the available method or techniques considered and the reasons for choosing the method or technique employed.

7. When in cases of medical emergency a physician performs or induces an abortion upon a woman during her third trimester carrying a late-term pain-capable unborn child, there shall be in attendance a physician other than the physician performing or inducing the abortion who shall take control of and provide immediate medical care for a child born as a result of the abortion.

8. Any physician who knowingly violates any of the provisions of subsections 6 or 7 of this section shall be guilty of a class D felony, as well as subject to suspension or revocation of his or her professional license by his or her professional licensing board. A woman upon whom an abortion is performed or induced in violation of subsections 6 or 7 of this section shall not be prosecuted for a conspiracy to violate the provisions of those subsections.

9. If any one or more provisions, subsections, sentences, clauses, phrases, or words of this section or the application thereof to any person, circumstance, or period of

gestational age is found to be unenforceable, unconstitutional, or invalid by a court of competent jurisdiction, the same is hereby declared to be severable and the balance of the section shall remain effective notwithstanding such unenforceability, unconstitutionality, or invalidity. The general assembly hereby declares that it would have passed this section, and each provision, subsection, sentence, clause, phrase, or word thereof, irrespective of the fact that any one or more provisions, subsections, sentences, clauses, phrases, or words of the section, or the application of the section to any person, circumstance, or period of gestational age, would be declared unenforceable, unconstitutional, or invalid.

Section B. The enactment of section 188.017 of this act shall only become effective upon notification to the revisor of statutes by an opinion by the attorney general of Missouri, a proclamation by the governor of Missouri, or the adoption of a concurrent resolution by the Missouri general assembly that:

(1) The United States Supreme Court has overruled, in whole or in part, *Roe v. Wade*, 410 U.S. 113 (1973), restoring or granting to the state of Missouri the authority to regulate abortion to the extent set forth in section 188.017, and that as a result, it is reasonably probable that section 188.017 of this act would be upheld by the court as constitutional;

(2) An amendment to the Constitution of the United States has been adopted that has the effect of restoring or granting to the state of Missouri the authority to regulate abortion to the extent set forth in section 188.017; or

(3) The United States Congress has enacted a law that has the effect of restoring or granting to the state of Missouri the authority to regulate abortion to the extent set forth in section 188.017.

Section C. Because of the need to protect the health and safety of women and their children, both unborn and born, the repeal and reenactment of section 188.028 of this act is deemed necessary for the immediate preservation of the public health, welfare, peace and safety, and is hereby declared to be an emergency act within the meaning of the constitution, and the repeal and reenactment of section 188.028 of this act shall be in full force and effect upon its passage and approval.

✓

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

May 28, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Sara Baker regarding a proposed referendum petition for Senate Substitute for Senate Committee Substitute for House Bill 126 (2020-R001)

Dear Auditor Galloway:

Enclosed please find a referendum petition sample sheet for Senate Substitute for Senate Committee Substitute for House Bill 126 filed by Sara Baker on May 28, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

STAPLE HERE

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any referendum petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County

REFERENDUM PETITION

Page No.

20-R001

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that Senate Substitute for Senate Committee Substitute for House Bill No. 126, entitled "An Act To repeal sections 135.630, 188.010, 188.015, 188.027, 188.028, 188.043, and 188.052, RSMo, and to enact in lieu thereof seventeen new sections relating to abortion, with penalty provisions, a contingent effective date for a certain section, and an emergency clause for a certain section," passed by the 100th general assembly of the state of Missouri, at the first regular session of the 100th general assembly, shall be referred to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

MO0000001

RECEIVED
2019 MAY 23 AM 10:06

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

	Signature	Date Signed	Registered Voting Address	Zip Code	Cong. District	Printed First and Last Name
1						
2						
3						
4						
5						
6						
7						
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10						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Signature of Affiant (Person obtaining signatures) _____ Street Address of Affiant _____

Printed Name of Affiant _____ City, State and Zip Code of Affiant _____

Subscribed and sworn to before me this _____ day of _____, A.D.

(Seal)

Signature of Notary _____ Address of Notary _____

20-R001

FIRST REGULAR SESSION

[TRULY AGREED TO AND FINALLY PASSED]

SENATE SUBSTITUTE FOR

SENATE COMMITTEE SUBSTITUTE FOR

HOUSE BILL NO. 126

100TH GENERAL ASSEMBLY

0461S.18T 2019

AN ACT

To repeal sections 135.630, 188.010, 188.015, 188.027, 188.028, 188.043, and 188.052, RSMo, and to enact in lieu thereof seventeen new sections relating to abortion, with penalty provisions, a contingent effective date for a certain section, and an emergency clause for a certain section.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 135.630, 188.010, 188.015, 188.027, 188.028, 188.043, and 188.052, RSMo, are repealed and seventeen new sections enacted in lieu thereof, to be known as sections 135.630, 188.010, 188.015, 188.017, 188.018, 188.026, 188.027, 188.028, 188.033, 188.038, 188.043, 188.044, 188.052, 188.056, 188.057, 188.058, and 188.375, to read as follows:

135.630. 1. As used in this section, the following terms mean:

(1) "Contribution", a donation of cash, stock, bonds, or other marketable securities, or real property;

(2) "Director", the director of the department of social services;

(3) "Pregnancy resource center", a nonresidential facility located in this state:

(a) Established and operating primarily to provide assistance to women **and families** with crisis pregnancies or unplanned pregnancies by offering pregnancy testing, counseling, emotional and material support, and other similar services **or by offering services as described**

EXPLANATION — Matter enclosed in bold-faced brackets **[**thus**]** in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

under subsection 2 of section 188.325, to encourage and assist such women **and families** in carrying their pregnancies to term; and

(b) Where childbirths are not performed; and

(c) Which does not perform, induce, or refer for abortions and which does not hold itself out as performing, inducing, or referring for abortions; and

(d) Which provides direct client services at the facility, as opposed to merely providing counseling or referral services by telephone; and

(e) Which provides its services at no cost to its clients; and

(f) When providing medical services, such medical services must be performed in accordance with Missouri statute; and

(g) Which is exempt from income taxation pursuant to the Internal Revenue Code of 1986, as amended;

(4) "State tax liability", in the case of a business taxpayer, any liability incurred by such taxpayer pursuant to the provisions of chapters 143, 147, 148, and 153, excluding sections 143.191 to 143.265 and related provisions, and in the case of an individual taxpayer, any liability incurred by such taxpayer pursuant to the provisions of chapter 143, excluding sections 143.191 to 143.265 and related provisions;

(5) "Taxpayer", a person, firm, a partner in a firm, corporation, or a shareholder in an S corporation doing business in the state of Missouri and subject to the state income tax imposed by the provisions of chapter 143, or a corporation subject to the annual corporation franchise tax imposed by the provisions of chapter 147, or an insurance company paying an annual tax on its gross premium receipts in this state, or other financial institution paying taxes to the state of Missouri or any political subdivision of this state pursuant to the provisions of chapter 148, or an express company which pays an annual tax on its gross receipts in this state pursuant to chapter 153, or an individual subject to the state income tax imposed by the provisions of chapter 143, or any charitable organization which is exempt from federal income tax and whose Missouri unrelated business taxable income, if any, would be subject to the state income tax imposed under chapter 143.

2. (1) Beginning on March 29, 2013, any contribution to a pregnancy resource center made on or after January 1, 2013, shall be eligible for tax credits as provided by this section.

(2) For all tax years beginning on or after January 1, 2007, **and ending on or before December 31, 2020,** a taxpayer shall be allowed to claim a tax credit against the taxpayer's state tax liability in an amount equal to fifty percent of the amount such taxpayer contributed to a pregnancy resource center. **For all tax years beginning on or after January 1, 2021, a taxpayer shall be allowed to claim a tax credit against the taxpayer's state tax liability in**

an amount equal to seventy percent of the amount such taxpayer contributed to a pregnancy resource center.

3. The amount of the tax credit claimed shall not exceed the amount of the taxpayer's state tax liability for the tax year for which the credit is claimed, and such taxpayer shall not be allowed to claim a tax credit in excess of fifty thousand dollars per tax year. However, any tax credit that cannot be claimed in the tax year the contribution was made may be carried over only to the next succeeding tax year. No tax credit issued under this section shall be assigned, transferred, or sold.

4. Except for any excess credit which is carried over pursuant to subsection 3 of this section, a taxpayer shall not be allowed to claim a tax credit unless the total amount of such taxpayer's contribution or contributions to a pregnancy resource center or centers in such taxpayer's tax year has a value of at least one hundred dollars.

5. The director shall determine, at least annually, which facilities in this state may be classified as pregnancy resource centers. The director may require of a facility seeking to be classified as a pregnancy resource center whatever information which is reasonably necessary to make such a determination. The director shall classify a facility as a pregnancy resource center if such facility meets the definition set forth in subsection 1 of this section.

6. The director shall establish a procedure by which a taxpayer can determine if a facility has been classified as a pregnancy resource center. Pregnancy resource centers shall be permitted to decline a contribution from a taxpayer. The cumulative amount of tax credits which may be claimed by all the taxpayers contributing to pregnancy resource centers in any one fiscal year shall not exceed two million dollars for all fiscal years ending on or before June 30, 2014, and two million five hundred thousand dollars for all fiscal years beginning on or after July 1, 2014, and ending on or before June 30, 2019, and three million five hundred thousand dollars for all fiscal years beginning on or after July 1, 2019, **and ending on or before June 30, 2021. For all fiscal years beginning on or after July 1, 2021, there shall be no limit imposed on the cumulative amount of tax credits that may be claimed by all taxpayers contributing to pregnancy resource centers under the provisions of this section**. Tax credits shall be issued in the order contributions are received. If the amount of tax credits redeemed in a fiscal year is less than the cumulative amount authorized under this subsection, the difference shall be carried over to a subsequent fiscal year or years and shall be added to the cumulative amount of tax credits that may be authorized in that fiscal year or years.

7. **For all fiscal years ending on or before June 30, 2021,** the director shall establish a procedure by which, from the beginning of the fiscal year until some point in time later in the fiscal year to be determined by the director, the cumulative amount of tax credits are equally apportioned among all facilities classified as pregnancy resource centers. If a pregnancy resource

center fails to use all, or some percentage to be determined by the director, of its apportioned tax credits during this predetermined period of time, the director may reapportion these unused tax credits to those pregnancy resource centers that have used all, or some percentage to be determined by the director, of their apportioned tax credits during this predetermined period of time. The director may establish more than one period of time and reapportion more than once during each fiscal year. To the maximum extent possible, the director shall establish the procedure described in this subsection in such a manner as to ensure that taxpayers can claim all the tax credits possible up to the cumulative amount of tax credits available for the fiscal year.

8. Each pregnancy resource center shall provide information to the director concerning the identity of each taxpayer making a contribution to the pregnancy resource center who is claiming a tax credit pursuant to this section and the amount of the contribution. The director shall provide the information to the director of revenue. The director shall be subject to the confidentiality and penalty provisions of section 32.057 relating to the disclosure of tax information.

9. [~~Under section 23.253 of the Missouri sunset act:~~

~~(1) The provisions of the program authorized under this section shall automatically sunset on December thirty-first six years after August 28, 2018, unless reauthorized by an act of the general assembly;~~

~~(2) If such program is reauthorized, the program authorized under this section shall automatically sunset on December thirty-first six years after the effective date of the reauthorization of this section;~~

~~(3) This section shall terminate on September first of the calendar year immediately following the calendar year in which a program authorized under this section is sunset; and~~

~~(4) The provisions of this subsection shall not be construed to limit or in any way impair the department's ability to issue tax credits authorized on or before the date the program authorized under this section expires or a taxpayer's ability to redeem such tax credits.~~] **The provisions of section 23.253 shall not apply to this section.**

188.010. **In recognition that Almighty God is the author of life, that all men and women are "endowed by their Creator with certain unalienable Rights, that among these are Life", and that article I, section 2 of the Constitution of Missouri provides that all persons have a natural right to life,** it is the intention of the general assembly of the state of Missouri to [grant]:

(1) Defend the right to life [to] **of** all humans, born and unborn[~~, and to~~];

(2) Declare that the state and all of its political subdivisions are a "sanctuary of life" that protects pregnant women and their unborn children; and

(3) Regulate abortion to the full extent permitted by the Constitution of the United States, decisions of the United States Supreme Court, and federal statutes.

188.015. As used in this chapter, the following terms mean:

(1) "Abortion":

(a) The act of using or prescribing any instrument, device, medicine, drug, or any other means or substance with the intent to destroy the life of an embryo or fetus in his or her mother's womb; or

(b) The intentional termination of the pregnancy of a mother by using or prescribing any instrument, device, medicine, drug, or other means or substance with an intention other than to increase the probability of a live birth or to remove a dead [~~or dying~~] unborn child;

(2) "Abortion facility", a clinic, physician's office, or any other place or facility in which abortions are performed or induced other than a hospital;

(3) "Conception", the fertilization of the ovum of a female by a sperm of a male;

(4) "Department", the department of health and senior services;

(5) **"Down Syndrome", the same meaning as defined in section 191.923;**

(6) "Gestational age", length of pregnancy as measured from the first day of the woman's last menstrual period;

[~~(6)~~] **(7)** "Medical emergency", a condition which, based on reasonable medical judgment, so complicates the medical condition of a pregnant woman as to necessitate the immediate abortion of her pregnancy to avert the death of the pregnant woman or for which a delay will create a serious risk of substantial and irreversible physical impairment of a major bodily function of the pregnant woman;

[~~(7)~~] **(8)** "Physician", any person licensed to practice medicine in this state by the state board of registration for the healing arts;

[~~(8)~~] **(9)** "Reasonable medical judgment", a medical judgment that would be made by a reasonably prudent physician, knowledgeable about the case and the treatment possibilities with respect to the medical conditions involved;

[~~(9)~~] **(10)** "Unborn child", the offspring of human beings from the moment of conception until birth and at every stage of its biological development, including the human conceptus, zygote, morula, blastocyst, embryo, and fetus;

[~~(10)~~] **(11)** "Viability" or "viable", that stage of fetal development when the life of the unborn child may be continued indefinitely outside the womb by natural or artificial life-supportive systems;

(12) "Viable pregnancy" or "viable intrauterine pregnancy", in the first trimester of pregnancy, an intrauterine pregnancy that can potentially result in a liveborn baby.

188.017. 1. This section shall be known and may be cited as the "Right to Life of the Unborn Child Act".

2. Notwithstanding any other provision of law to the contrary, no abortion shall be performed or induced upon a woman, except in cases of medical emergency. Any person who knowingly performs or induces an abortion of an unborn child in violation of this subsection shall be guilty of a class B felony, as well as subject to suspension or revocation of his or her professional license by his or her professional licensing board. A woman upon whom an abortion is performed or induced in violation of this subsection shall not be prosecuted for a conspiracy to violate the provisions of this subsection.

3. It shall be an affirmative defense for any person alleged to have violated the provisions of subsection 2 of this section that the person performed or induced an abortion because of a medical emergency. The defendant shall have the burden of persuasion that the defense is more probably true than not.

188.018. If any one or more provisions, sections, subsections, sentences, clauses, phrases, or words of this chapter or the application thereof to any person, circumstance, or period of gestational age is found to be unenforceable, unconstitutional, or invalid by a court of competent jurisdiction, the same is hereby declared to be severable and the balance of this chapter shall remain effective notwithstanding such unenforceability, unconstitutionality, or invalidity. The general assembly hereby declares that it would have passed each provision, section, subsection, sentence, clause, phrase, or word thereof, irrespective of the fact that any one or more provisions, sections, subsections, sentences, clauses, phrases, or words of this chapter, or the application of this chapter to any person, circumstance, or period of gestational age, would be declared unenforceable, unconstitutional, or invalid.

188.026. 1. This section and sections 188.056, 188.057, and 188.058 shall be known and may be cited as the "Missouri Stands for the Unborn Act".

2. In Roe v. Wade, 410 U.S. 113 (1973), certain information about the development of the unborn child, human pregnancy, and the effects of abortion was either not part of the record or was not available at the time. Since 1973, advances in medical and scientific technology have greatly expanded our knowledge of prenatal life and the effects of abortion on women. The general assembly of this state finds:

(1) At conception, a new genetically distinct human being is formed;

(2) The fact that the life of an individual human being begins at conception has long been recognized in Missouri law: "[T]he child is, in truth, alive from the moment of conception". State v. Emerich, 13 Mo. App. 492, 495 (1883), affirmed, 87 Mo. 110 (1885). Under section 1.205, the general assembly has recognized that the life of each human being

begins at conception and that unborn children have protectable interests in life, health, and well-being;

(3) The first prohibition of abortion in Missouri was enacted in 1825. Since then, the repeal and reenactment of prohibitions of abortion have made distinctions with respect to penalties for performing or inducing abortion on the basis of "quickening"; however, the unborn child was still protected from conception onward;

(4) In ruling that Missouri's prohibition on abortion was constitutional in 1972, the Missouri supreme court accepted as a stipulation of the parties that "'[i]nfant Doe, Intervenor Defendant in this case, and all other unborn children have all the qualities and attributes of adult human persons differing only in age or maturity. Medically, human life is a continuum from conception to death.'" Rodgers v. Danforth, 486 S.W.2d 258, 259 (1972);

(5) In Webster v. Reproductive Health Services, 492 U.S. 490 (1989), the Supreme Court, while considering the "preamble" that set forth "findings" in section 1.205, stated: "We think the extent to which the preamble's language might be used to interpret other state statutes or regulations is something that only the courts of Missouri can definitively decide. State law has offered protections to unborn children in tort and probate law". Id. at 506. Since *Webster*, Missouri courts have construed section 1.205 and have consistently found that an unborn child is a person for purposes of Missouri's homicide and assault laws when the unborn child's mother was killed or assaulted by another person. Section 1.205 has even been found applicable to the manslaughter of an unborn child who was eight weeks gestational age or earlier. State v. Harrison, 390 S.W.3d 927 (Mo. Ct. App. 2013);

(6) In medicine, a special emphasis is placed on the heartbeat. The heartbeat is a discernible sign of life at every stage of human existence. During the fifth week of gestational age, an unborn child's heart begins to beat and blood flow begins during the sixth week;

(7) Depending on the ultrasound equipment being used, the unborn child's heartbeat can be visually detected as early as six to eight weeks gestational age. By about twelve weeks gestational age, the unborn child's heartbeat can consistently be made audible through the use of a handheld Doppler fetal heart rate device;

(8) Confirmation of a pregnancy can be indicated through the detection of the unborn child's heartbeat, while the absence of a heartbeat can be an indicator of the death of the unborn child if the child has reached the point of development when a heartbeat should be detectable;

(9) Heart rate monitoring during pregnancy and labor is utilized to measure the heart rate and rhythm of the unborn child, at an average rate between one hundred ten and one hundred sixty beats per minute, and helps determine the health of the unborn child;

(10) The Supreme Court in *Roe* discussed "the difficult question of when life begins" and wrote: "[p]hysicians and their scientific colleagues have regarded [quickening] with less interest and have tended to focus either upon conception, upon live birth, or upon the interim point at which the fetus becomes 'viable', that is, potentially able to live outside the mother's womb, albeit with artificial aid". *Roe*, 410 U.S. at 160. Today, however, physicians' and scientists' interests on life in the womb also focus on other markers of development in the unborn child, including, but not limited to, presence of a heartbeat, brain development, a viable pregnancy or viable intrauterine pregnancy during the first trimester of pregnancy, and the ability to experience pain;

(11) In Planned Parenthood of Central Missouri v. Danforth, 428 U.S. 52 (1976), the Supreme Court noted that "we recognized in *Roe* that viability was a matter of medical judgment, skill, and technical ability, and we preserved the flexibility of the term". Id. at 64. Due to advances in medical technology and diagnoses, present-day physicians and scientists now describe the viability of an unborn child in an additional manner, by determining whether there is a viable pregnancy or viable intrauterine pregnancy during the first trimester of pregnancy;

(12) While the overall risk of miscarriage after clinical recognition of pregnancy is twelve to fifteen percent, the incidence decreases significantly if cardiac activity in the unborn child has been confirmed. The detection of a heartbeat in an unborn child is a reliable indicator of a viable pregnancy and that the unborn child will likely survive to birth, especially if presenting for a prenatal visit at eight weeks gestational age or later. For asymptomatic women attending a first prenatal visit between six and eleven weeks gestational age where a heartbeat was confirmed through an ultrasound, the subsequent risk of miscarriage is one and six-tenths percent. Although the risk is higher at six weeks gestational age at nine and four-tenths percent, it declines rapidly to one and five-tenths percent at eight weeks gestational age, and less than one percent at nine weeks gestational age or later;

(13) The presence of a heartbeat in an unborn child represents a more definable point of ascertaining survivability than the ambiguous concept of viability that has been adopted by the Supreme Court, especially since if a heartbeat is detected at eight weeks gestational age or later in a normal pregnancy, there is likely to be a viable pregnancy and there is a high probability that the unborn child will survive to birth;

(14) The placenta begins developing during the early first trimester of pregnancy and performs a respiratory function by making oxygen supply to and carbon dioxide removal from the unborn child possible later in the first trimester and throughout the second and third trimesters of pregnancy;

(15) By the fifth week of gestation, the development of the brain of the unborn child is underway. Brain waves have been measured and recorded as early as the eighth week of gestational age in children who were removed during an ectopic pregnancy or hysterectomy. Fetal magnetic resonance imaging (MRI) of an unborn child's brain is used during the second and third trimesters of pregnancy and brain activity has been observed using MRI;

(16) Missouri law identifies the presence of circulation, respiration, and brain function as indicia of life under section 194.005, as the presence of circulation, respiration, and brain function indicates that such person is not legally dead, but is legally alive;

(17) Unborn children at eight weeks gestational age show spontaneous movements, such as a twitching of the trunk and developing limbs. It has been reported that unborn children at this stage show reflex responses to touch. The perioral area is the first part of the unborn child's body to respond to touch at about eight weeks gestational age and by fourteen weeks gestational age most of the unborn child's body is responsive to touch;

(18) Peripheral cutaneous sensory receptors, the receptors that feel pain, develop early in the unborn child. They appear in the perioral cutaneous area at around seven to eight weeks gestational age, in the palmar regions at ten to ten and a half weeks gestational age, the abdominal wall at fifteen weeks gestational age, and over all of the unborn child's body at sixteen weeks gestational age;

(19) Substance P, a peptide that functions as a neurotransmitter, especially in the transmission of pain, is present in the dorsal horn of the spinal cord of the unborn child at eight to ten weeks gestational age. Enkephalins, peptides that play a role in neurotransmission and pain modulation, are present in the dorsal horn at twelve to fourteen weeks gestational age;

(20) When intrauterine needling is performed on an unborn child at sixteen weeks gestational age or later, the reaction to this invasive stimulus is blood flow redistribution to the brain. Increased blood flow to the brain is the same type of stress response seen in a born child and an adult;

(21) By sixteen weeks gestational age, pain transmission from a peripheral receptor to the cortex is possible in the unborn child;

(22) Physicians provide anesthesia during in utero treatment of unborn children as early as sixteen weeks gestational age for certain procedures, including those to correct

fetal urinary tract obstruction. Anesthesia is administered by ultrasound-guided injection into the arm or leg of the unborn child;

(23) A leading textbook on prenatal development of the human brain states, "It may be concluded that, although nociperception (the actual perception of pain) awaits the appearance of consciousness, nociception (the experience of pain) is present some time before birth. In the absence of disproof, it is merely prudent to assume that pain can be experienced even early in prenatal life (Dr. J. Wisser, Zürich): the fetus should be given the benefit of the doubt". Ronan O'Rahilly & Fabiola Müller. The Embryonic Human Brain: An Atlas of Developmental Stages (3d ed. 2005);

(24) By fourteen or fifteen weeks gestational age or later, the predominant abortion method in Missouri is dilation and evacuation (D & E). The D & E abortion method includes the dismemberment, disarticulation, and exsanguination of the unborn child, causing the unborn child's death;

(25) The Supreme Court acknowledged in Gonzales v. Carhart, 550 U.S. 124, 160 (2007), that "the standard D & E is in some respects as brutal, if not more, than the intact D & E" partial birth abortion method banned by Congress and upheld as facially constitutional by the Supreme Court, even though the federal ban was applicable both before and after viability and had no exception for the health of the mother;

(26) Missouri's ban on the partial birth abortion method, section 565.300, is in effect because of Gonzales v. Carhart and the Supreme Court's subsequent decision in Nixon v. Reproductive Health Services of Planned Parenthood of the St. Louis Region, Inc., 550 U.S. 901 (2007), to vacate and remand to the appellate court the prior invalidation of section 565.300. Since section 565.300, like Congress' ban on partial birth abortion, is applicable both before and after viability, there is ample precedent for the general assembly to constitutionally prohibit the brutal D & E abortion method at fourteen weeks gestational age or later, even before the unborn child is viable, with a medical emergency exception;

(27) In Roper v. Simmons, 543 U.S. 551 (2005), the Supreme Court determined that "evolving standards of decency" dictated that a Missouri statute allowing the death penalty for a conviction of murder in the first degree for a person under eighteen years of age when the crime was committed was unconstitutional under the Eighth and Fourteenth Amendments to the United States Constitution because it violated the prohibition against "cruel and unusual punishments";

(28) In Bucklew v. Precythe, 139 S. Ct. 1112, 1123 (2019), the Supreme Court noted that "'[d]isgusting' practices" like disemboweling and quartering "readily qualified as

'cruel and unusual', as a reader at the time of the Eighth Amendment's adoption would have understood those words";

(29) Evolving standards of decency dictate that Missouri should prohibit the brutal and painful D & E abortion method at fourteen weeks gestational age or later, with a medical emergency exception, because if a comparable method of killing was used on:

(a) A person convicted of murder in the first degree, it would be cruel and unusual punishment; or

(b) An animal, it would be unlawful under state law because it would not be a humane method, humane euthanasia, or humane killing of certain animals under chapters 273 and 578;

(30) In *Roper*, the Supreme Court also found that "[i]t is proper that we acknowledge the overwhelming weight of international opinion against the juvenile death penalty.... The opinion of the world community, while not controlling our outcome, does provide respected and significant confirmation for our own conclusions". *Roper*, 543 U.S. at 578. In its opinion, the Supreme Court was instructed by "international covenants prohibiting the juvenile death penalty", such as the International Covenant on Civil and Political Rights, 999 U.N.T.S. 171. Id. at 577;

(31) The opinion of the world community, reflected in the laws of the United Nation's 193-member states and six other entities, is that in most countries, most abortions are prohibited after twelve weeks gestational age or later;

(32) The opinion of the world community is also shared by most Americans, who believe that most abortions in the second and third trimesters of pregnancy should be illegal, based on polling that has remained consistent since 1996;

(33) Abortion procedures performed later in pregnancy have a higher medical risk for women. Compared to an abortion at eight weeks gestational age or earlier, the relative risk increases exponentially at later gestational ages. The relative risk of death for a pregnant woman who had an abortion performed or induced upon her at:

(a) Eleven to twelve weeks gestational age is between three and four times higher than an abortion at eight weeks gestational age or earlier;

(b) Thirteen to fifteen weeks gestational age is almost fifteen times higher than an abortion at eight weeks gestational age or earlier;

(c) Sixteen to twenty weeks gestational age is almost thirty times higher than an abortion at eight weeks gestational age or earlier; and

(d) Twenty-one weeks gestational age or later is more than seventy-five times higher than an abortion at eight weeks gestational age or earlier;

(34) In addition to the short-term risks of an abortion, studies have found that the long-term physical and psychological consequences of abortion for women include, but are not limited to, an increased risk of preterm birth, low birthweight babies, and placenta previa in subsequent pregnancies, as well as serious behavioral health issues. These risks increase as abortions are performed or induced at later gestational ages. These consequences of an abortion have a detrimental effect not only on women, their children, and their families, but also on an already burdened health care system, taxpayers, and the workforce;

(35) A large percentage of women who have an abortion performed or induced upon them in Missouri each year are at less than eight weeks gestational age, a large majority are at less than fourteen weeks gestational age, a larger majority are at less than eighteen weeks gestational age, and an even larger majority are at less than twenty weeks gestational age. A prohibition on performing or inducing an abortion at eight weeks gestational age or later, with a medical emergency exception, does not amount to a substantial obstacle to a large fraction of women for whom the prohibition is relevant, which is pregnant women in Missouri who are seeking an abortion while not experiencing a medical emergency. The burden that a prohibition on performing or inducing an abortion at eight, fourteen, eighteen, or twenty weeks gestational age or later, with a medical emergency exception, might impose on abortion access, is outweighed by the benefits conferred upon the following:

(a) Women more advanced in pregnancy who are at greater risk of harm from abortion;

(b) Unborn children at later stages of development;

(c) The medical profession, by preserving its integrity and fulfilling its commitment to do no harm; and

(d) Society, by fostering respect for human life, born and unborn, at all stages of development, and by lessening societal tolerance of violence against innocent human life;

(36) In *Webster*, the Supreme Court noted, in upholding a Missouri statute, "that there may be a 4-week error in estimating gestational age". *Webster*, 492 U.S. at 516. Thus, an unborn child thought to be eight weeks gestational age might in fact be twelve weeks gestational age, when an abortion poses a greater risk to the woman and the unborn child is considerably more developed. An unborn child at fourteen weeks gestational age might be eighteen weeks gestational age and an unborn child at eighteen weeks gestational age might be twenty-two weeks gestational age, when an abortion poses a greater risk to the woman, the unborn child is considerably more developed, the abortion method likely to be employed is more brutal, and the risk of pain experienced by the unborn child is

greater. An unborn child at twenty weeks gestational age might be twenty-four weeks gestational age, when an abortion poses a greater risk to the woman, the unborn child is considerably more developed, the abortion method likely to be employed is more brutal, the risk of pain experienced by the unborn child is greater, and the unborn child may be viable.

3. The state of Missouri is bound by Article VI, Clause 2 of the Constitution of the United States that "all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land". One such treaty is the International Covenant on Civil and Political Rights, entered into force on March 23, 1976, and adopted by the United States on September 8, 1992. In ratifying the Covenant, the United States declared that while the provisions of Articles 1 through 27 of the Covenant are not self-executing, the United States' understanding is that state governments share responsibility with the federal government in implementing the Covenant.

4. Article 6, Paragraph 1, U.N.T.S. at 174, of the International Covenant on Civil and Political Rights states, "Every human being has the inherent right to life. This right shall be protected by law. No one shall be arbitrarily deprived of his life". The state of Missouri takes seriously its obligation to comply with the Covenant and to implement this paragraph as it relates to the inherent right to life of unborn human beings, protecting the rights of unborn human beings by law, and ensuring that such unborn human beings are not arbitrarily deprived of life. The state of Missouri hereby implements Article 6, Paragraph 1 of the Covenant by the regulation of abortion in this state.

5. The state of Missouri has interests that include, but are not limited to:

(1) Protecting unborn children throughout pregnancy and preserving and promoting their lives from conception to birth;

(2) Encouraging childbirth over abortion;

(3) Ensuring respect for all human life from conception to natural death;

(4) Safeguarding an unborn child from the serious harm of pain by an abortion method that would cause the unborn child to experience pain while she or he is being killed;

(5) Preserving the integrity of the medical profession and regulating and restricting practices that might cause the medical profession or society as a whole to become insensitive, even disdainful, to life. This includes regulating and restricting abortion methods that are not only brutal and painful, but if allowed to continue, will further coarsen society to the humanity of not only unborn children, but all vulnerable and innocent human life, making it increasingly difficult to protect such life;

(6) Ending the incongruities in state law by permitting some unborn children to be killed by abortion, while requiring that unborn children be protected in non-abortion circumstances through, including, but not limited to, homicide, assault, self-defense, and defense of another statutes; laws guaranteeing prenatal health care, emergency care, and testing; state-sponsored health insurance for unborn children; the prohibition of restraints in correctional institutions to protect pregnant offenders and their unborn children; and protecting the interests of unborn children by the appointment of conservators, guardians, and representatives;

(7) Reducing the risks of harm to pregnant women who obtain abortions later in pregnancy; and

(8) Avoiding burdens on the health care system, taxpayers, and the workforce because of increased preterm births, low birthweight babies, compromised pregnancies, extended postpartum recoveries, and behavioral health problems caused by the long-term effects of abortions performed or induced later in the pregnancy.

188.027. 1. Except in [the case] cases of medical emergency, no abortion shall be performed or induced on a woman without her voluntary and informed consent, given freely and without coercion. Consent to an abortion is voluntary and informed and given freely and without coercion if, and only if, at least seventy-two hours prior to the abortion:

(1) The physician who is to perform or induce the abortion, a qualified professional, or the referring physician has informed the woman orally, reduced to writing, and in person, of the following:

(a) The name of the physician who will perform or induce the abortion;

(b) Medically accurate information that a reasonable patient would consider material to the decision of whether or not to undergo the abortion, including:

a. A description of the proposed abortion method;

b. The immediate and long-term medical risks to the woman associated with the proposed abortion method including, but not limited to, infection, hemorrhage, cervical tear or uterine perforation, harm to subsequent pregnancies or the ability to carry a subsequent child to term, and possible adverse psychological effects associated with the abortion; and

c. The immediate and long-term medical risks to the woman, in light of the anesthesia and medication that is to be administered, the unborn child's gestational age, and the woman's medical history and medical condition;

(c) Alternatives to the abortion which shall include making the woman aware that information and materials shall be provided to her detailing such alternatives to the abortion;

(d) A statement that the physician performing or inducing the abortion is available for any questions concerning the abortion, together with the telephone number that the physician may be later reached to answer any questions that the woman may have;

(e) The location of the hospital that offers obstetrical or gynecological care located within thirty miles of the location where the abortion is performed or induced and at which the physician performing or inducing the abortion has clinical privileges and where the woman may receive follow-up care by the physician if complications arise;

(f) The gestational age of the unborn child at the time the abortion is to be performed or induced; and

(g) The anatomical and physiological characteristics of the unborn child at the time the abortion is to be performed or induced;

(2) The physician who is to perform or induce the abortion or a qualified professional has presented the woman, in person, printed materials provided by the department, which describe the probable anatomical and physiological characteristics of the unborn child at two-week gestational increments from conception to full term, including color photographs or images of the developing unborn child at two-week gestational increments. Such descriptions shall include information about brain and heart functions, the presence of external members and internal organs during the applicable stages of development and information on when the unborn child is viable. The printed materials shall prominently display the following statement: "The life of each human being begins at conception. Abortion will terminate the life of a separate, unique, living human being.";

(3) The physician who is to perform or induce the abortion, a qualified professional, or the referring physician has presented the woman, in person, printed materials provided by the department, which describe the various surgical and drug-induced methods of abortion relevant to the stage of pregnancy, as well as the immediate and long-term medical risks commonly associated with each abortion method including, but not limited to, infection, hemorrhage, cervical tear or uterine perforation, harm to subsequent pregnancies or the ability to carry a subsequent child to term, and the possible adverse psychological effects associated with an abortion;

(4) The physician who is to perform or induce the abortion or a qualified professional shall provide the woman with the opportunity to view at least seventy-two hours prior to the abortion an active ultrasound of the unborn child and hear the heartbeat of the unborn child if the heartbeat is audible. The woman shall be provided with a geographically indexed list maintained by the department of health care providers, facilities, and clinics that perform ultrasounds, including those that offer ultrasound services free of charge. Such materials shall provide contact information for each provider, facility, or clinic including telephone numbers

and, if available, website addresses. Should the woman decide to obtain an ultrasound from a provider, facility, or clinic other than the abortion facility, the woman shall be offered a reasonable time to obtain the ultrasound examination before the date and time set for performing or inducing an abortion. The person conducting the ultrasound shall ensure that the active ultrasound image is of a quality consistent with standard medical practice in the community, contains the dimensions of the unborn child, and accurately portrays the presence of external members and internal organs, if present or viewable, of the unborn child. The auscultation of fetal heart tone must also be of a quality consistent with standard medical practice in the community. If the woman chooses to view the ultrasound or hear the heartbeat or both at the abortion facility, the viewing or hearing or both shall be provided to her at the abortion facility at least seventy-two hours prior to the abortion being performed or induced;

(5) [~~Prior to an abortion being performed or induced on an unborn child of twenty-two weeks gestational age or older, the physician who is to perform or induce the abortion or a qualified professional has presented the woman, in person, printed materials provided by the department that offer information on the possibility of the abortion causing pain to the unborn child. This information shall include, but need not be limited to, the following:~~

~~(a) At least by twenty-two weeks of gestational age, the unborn child possesses all the anatomical structures, including pain receptors, spinal cord, nerve tracts, thalamus, and cortex, that are necessary in order to feel pain;~~

~~(b) A description of the actual steps in the abortion procedure to be performed or induced, and at which steps the abortion procedure could be painful to the unborn child;~~

~~(c) There is evidence that by twenty-two weeks of gestational age, unborn children seek to evade certain stimuli in a manner that in an infant or an adult would be interpreted as a response to pain;~~

~~(d) Anesthesia is given to unborn children who are twenty-two weeks or more gestational age who undergo prenatal surgery;~~

~~(e) Anesthesia is given to premature children who are twenty-two weeks or more gestational age who undergo surgery;~~

~~(f) Anesthesia or an analgesic is available in order to minimize or alleviate the pain to the unborn child~~] **The printed materials provided by the department shall include information on the possibility of an abortion causing pain in the unborn child. This information shall include, but need not be limited to, the following:**

(a) Unborn children as early as eight weeks gestational age start to show spontaneous movements and unborn children at this stage in pregnancy show reflex responses to touch;

(b) In the unborn child, the area around his or her mouth and lips is the first part of the unborn child's body to respond to touch and by fourteen weeks gestational age most of the unborn child's body is responsive to touch;

(c) Pain receptors on the unborn child's skin develop around his or her mouth at around seven to eight weeks gestational age, around the palms of his or her hands at ten to ten and a half weeks, on the abdominal wall at fifteen weeks, and over all of his or her body at sixteen weeks gestational age;

(d) Beginning at sixteen weeks gestational age and later, it is possible for pain to be transmitted from receptors to the cortex of the unborn child's brain, where thinking and perceiving occur;

(e) When a physician performs a life-saving surgery, he or she provides anesthesia to unborn children as young as sixteen weeks gestational age in order to alleviate the unborn child's pain; and

(f) A description of the actual steps in the abortion procedure to be performed or induced and at which steps the abortion procedure could be painful to the unborn child;

(6) The physician who is to perform or induce the abortion or a qualified professional has presented the woman, in person, printed materials provided by the department explaining to the woman alternatives to abortion she may wish to consider. Such materials shall:

(a) Identify on a geographical basis public and private agencies available to assist a woman in carrying her unborn child to term, and to assist her in caring for her dependent child or placing her child for adoption, including agencies commonly known and generally referred to as pregnancy resource centers, crisis pregnancy centers, maternity homes, and adoption agencies. Such materials shall provide a comprehensive list by geographical area of the agencies, a description of the services they offer, and the telephone numbers and addresses of the agencies; provided that such materials shall not include any programs, services, organizations, or affiliates of organizations that perform or induce, or assist in the performing or inducing of, abortions or that refer for abortions;

(b) Explain the Missouri alternatives to abortion services program under section 188.325, and any other programs and services available to pregnant women and mothers of newborn children offered by public or private agencies which assist a woman in carrying her unborn child to term and assist her in caring for her dependent child or placing her child for adoption, including but not limited to prenatal care; maternal health care; newborn or infant care; mental health services; professional counseling services; housing programs; utility assistance; transportation services; food, clothing, and supplies related to pregnancy; parenting skills; educational programs; job training and placement services; drug and alcohol testing and treatment; and adoption assistance;

(c) Identify the state website for the Missouri alternatives to abortion services program under section 188.325, and any toll-free number established by the state operated in conjunction with the program;

(d) Prominently display the statement: "There are public and private agencies willing and able to help you carry your child to term, and to assist you and your child after your child is born, whether you choose to keep your child or place him or her for adoption. The state of Missouri encourages you to contact those agencies before making a final decision about abortion. State law requires that your physician or a qualified professional give you the opportunity to call agencies like these before you undergo an abortion.";

(7) The physician who is to perform or induce the abortion or a qualified professional has presented the woman, in person, printed materials provided by the department explaining that the father of the unborn child is liable to assist in the support of the child, even in instances where he has offered to pay for the abortion. Such materials shall include information on the legal duties and support obligations of the father of a child, including, but not limited to, child support payments, and the fact that paternity may be established by the father's name on a birth certificate or statement of paternity, or by court action. Such printed materials shall also state that more information concerning paternity establishment and child support services and enforcement may be obtained by calling the family support division within the Missouri department of social services; and

(8) The physician who is to perform or induce the abortion or a qualified professional shall inform the woman that she is free to withhold or withdraw her consent to the abortion at any time without affecting her right to future care or treatment and without the loss of any state or federally funded benefits to which she might otherwise be entitled.

2. All information required to be provided to a woman considering abortion by subsection 1 of this section shall be presented to the woman individually, in the physical presence of the woman and in a private room, to protect her privacy, to maintain the confidentiality of her decision, to ensure that the information focuses on her individual circumstances, to ensure she has an adequate opportunity to ask questions, and to ensure that she is not a victim of coerced abortion. Should a woman be unable to read materials provided to her, they shall be read to her. Should a woman need an interpreter to understand the information presented in the written materials, an interpreter shall be provided to her. Should a woman ask questions concerning any of the information or materials, answers shall be provided in a language she can understand.

3. No abortion shall be performed or induced unless and until the woman upon whom the abortion is to be performed or induced certifies in writing on a checklist form provided by the department that she has been presented all the information required in subsection 1 of this

section, that she has been provided the opportunity to view an active ultrasound image of the unborn child and hear the heartbeat of the unborn child if it is audible, and that she further certifies that she gives her voluntary and informed consent, freely and without coercion, to the abortion procedure.

4. ~~[No abortion shall be performed or induced on an unborn child of twenty-two weeks gestational age or older unless and until the woman upon whom the abortion is to be performed or induced has been provided the opportunity to choose to have an anesthetic or analgesic administered to eliminate or alleviate pain to the unborn child caused by the particular method of abortion to be performed or induced. The administration of anesthesia or analgesics shall be performed in a manner consistent with standard medical practice in the community.~~

~~5.~~] No physician shall perform or induce an abortion unless and until the physician has obtained from the woman her voluntary and informed consent given freely and without coercion. If the physician has reason to believe that the woman is being coerced into having an abortion, the physician or qualified professional shall inform the woman that services are available for her and shall provide her with private access to a telephone and information about such services, including but not limited to the following:

(1) Rape crisis centers, as defined in section 455.003;

(2) Shelters for victims of domestic violence, as defined in section 455.200; and

(3) Orders of protection, pursuant to chapter 455.

[~~6.~~] **5.** The physician who is to perform or induce the abortion shall, at least seventy-two hours prior to such procedure, inform the woman orally and in person of:

(1) The immediate and long-term medical risks to the woman associated with the proposed abortion method including, but not limited to, infection, hemorrhage, cervical tear or uterine perforation, harm to subsequent pregnancies or the ability to carry a subsequent child to term, and possible adverse psychological effects associated with the abortion; and

(2) The immediate and long-term medical risks to the woman, in light of the anesthesia and medication that is to be administered, the unborn child's gestational age, and the woman's medical history and medical conditions.

[~~7.~~] **6.** No physician shall perform or induce an abortion unless and until the physician has received and signed a copy of the form prescribed in subsection 3 of this section. The physician shall retain a copy of the form in the patient's medical record.

[~~8.~~] **7.** In the event of a medical emergency [~~as provided by section 188.039~~], the physician who performed or induced the abortion shall clearly certify in writing the nature and circumstances of the medical emergency. This certification shall be signed by the physician who performed or induced the abortion, and shall be maintained under section 188.060.

[~~9.~~] **8.** No person or entity shall require, obtain, or accept payment for an abortion from or on behalf of a patient until at least seventy-two hours have passed since the time that the information required by subsection 1 of this section has been provided to the patient. Nothing in this subsection shall prohibit a person or entity from notifying the patient that payment for the abortion will be required after the seventy-two-hour period has expired if she voluntarily chooses to have the abortion.

[~~10.~~] **9.** The term "qualified professional" as used in this section shall refer to a physician, physician assistant, registered nurse, licensed practical nurse, psychologist, licensed professional counselor, or licensed social worker, licensed or registered under chapter 334, 335, or 337, acting under the supervision of the physician performing or inducing the abortion, and acting within the course and scope of his or her authority provided by law. The provisions of this section shall not be construed to in any way expand the authority otherwise provided by law relating to the licensure, registration, or scope of practice of any such qualified professional.

[~~11.~~] **10.** By November 30, 2010, the department shall produce the written materials and forms described in this section. Any written materials produced shall be printed in a typeface large enough to be clearly legible. All information shall be presented in an objective, unbiased manner designed to convey only accurate scientific and medical information. The department shall furnish the written materials and forms at no cost and in sufficient quantity to any person who performs or induces abortions, or to any hospital or facility that provides abortions. The department shall make all information required by subsection 1 of this section available to the public through its department website. The department shall maintain a toll-free, twenty-four-hour hotline telephone number where a caller can obtain information on a regional basis concerning the agencies and services described in subsection 1 of this section. No identifying information regarding persons who use the website shall be collected or maintained. The department shall monitor the website on a regular basis to prevent tampering and correct any operational deficiencies.

[~~12.~~] **11.** In order to preserve the compelling interest of the state to ensure that the choice to consent to an abortion is voluntary and informed, and given freely and without coercion, the department shall use the procedures for adoption of emergency rules under section 536.025 in order to promulgate all necessary rules, forms, and other necessary material to implement this section by November 30, 2010.

[~~13.~~] **12.** If the provisions in subsections 1 and [9] **8** of this section requiring a seventy-two-hour waiting period for an abortion are ever temporarily or permanently restrained or enjoined by judicial order, then the waiting period for an abortion shall be twenty-four hours; provided, however, that if such temporary or permanent restraining order or injunction is stayed

or dissolved, or otherwise ceases to have effect, the waiting period for an abortion shall be seventy-two hours.

188.028. 1. **Except in the case of a medical emergency,** no person shall knowingly perform **or induce** an abortion upon a pregnant woman under the age of eighteen years unless:

(1) The attending physician has secured the informed written consent of the minor and one parent or guardian, **and the consenting parent or guardian of the minor has notified any other custodial parent in writing prior to the securing of the informed written consent of the minor and one parent or guardian. For purposes of this subdivision, "custodial parent" shall only mean a parent of a minor who has been awarded joint legal custody or joint physical custody of such minor by a court of competent jurisdiction. Notice shall not be required for any parent:**

(a) Who has been found guilty of any offense in violation of chapter 565, relating to offenses against the person; chapter 566, relating to sexual offenses; chapter 567, relating to prostitution; chapter 568, relating to offenses against the family; or chapter 573, related to pornography and related offenses, if a child was a victim;

(b) Who has been found guilty of any offense in any other state or foreign country, or under federal, tribal, or military jurisdiction if a child was a victim, which would be a violation of chapters 565, 566, 567, 568, or 573 if committed in this state;

(c) Who is listed on the sexual offender registry under sections 589.400 to 589.425;

(d) Against whom an order of protection has been issued, including a foreign order of protection given full faith and credit in this state under section 455.067;

(e) Whose custodial, parental, or guardianship rights have been terminated by a court of competent jurisdiction; or

(f) Whose whereabouts are unknown after reasonable inquiry, who is a fugitive from justice, who is habitually in an intoxicated or drugged condition, or who has been declared mentally incompetent or incapacitated by a court of competent jurisdiction; [~~or~~]

(2) The minor is emancipated and the attending physician has received the informed written consent of the minor; [~~or~~]

(3) The minor has been granted the right to self-consent to the abortion by court order pursuant to subsection 2 of this section, and the attending physician has received the informed written consent of the minor; or

(4) The minor has been granted consent to the abortion by court order, and the court has given its informed written consent in accordance with subsection 2 of this section, and the minor is having the abortion willingly, in compliance with subsection 3 of this section.

2. The right of a minor to self-consent to an abortion under subdivision (3) of subsection 1 of this section or court consent under subdivision (4) of subsection 1 of this section may be granted by a court pursuant to the following procedures:

(1) The minor or next friend shall make an application to the juvenile court which shall assist the minor or next friend in preparing the petition and notices required pursuant to this section. The minor or the next friend of the minor shall thereafter file a petition setting forth the initials of the minor; the age of the minor; the names and addresses of each parent, guardian, or, if the minor's parents are deceased and no guardian has been appointed, any other person standing in loco parentis of the minor; that the minor has been fully informed of the risks and consequences of the abortion; that the minor is of sound mind and has sufficient intellectual capacity to consent to the abortion; that, if the court does not grant the minor majority rights for the purpose of consent to the abortion, the court should find that the abortion is in the best interest of the minor and give judicial consent to the abortion; that the court should appoint a guardian ad litem of the child; and if the minor does not have private counsel, that the court should appoint counsel. The petition shall be signed by the minor or the next friend;

(2) A hearing on the merits of the petition, to be held on the record, shall be held as soon as possible within five days of the filing of the petition. If any party is unable to afford counsel, the court shall appoint counsel at least twenty-four hours before the time of the hearing. At the hearing, the court shall hear evidence relating to the emotional development, maturity, intellect and understanding of the minor; the nature, possible consequences, and alternatives to the abortion; and any other evidence that the court may find useful in determining whether the minor should be granted majority rights for the purpose of consenting to the abortion or whether the abortion is in the best interests of the minor;

(3) In the decree, the court shall for good cause:

(a) Grant the petition for majority rights for the purpose of consenting to the abortion; [~~or~~]

(b) Find the abortion to be in the best interests of the minor and give judicial consent to the abortion, setting forth the grounds for so finding; or

(c) Deny the petition, setting forth the grounds on which the petition is denied;

(4) If the petition is allowed, the informed consent of the minor, pursuant to a court grant of majority rights, or the judicial consent, shall bar an action by the parents or guardian of the minor on the grounds of battery of the minor by those performing **or inducing** the abortion. The immunity granted shall only extend to the performance **or induction** of the abortion in accordance herewith and any necessary accompanying services which are performed in a competent manner. The costs of the action shall be borne by the parties;

(5) An appeal from an order issued under the provisions of this section may be taken to the court of appeals of this state by the minor or by a parent or guardian of the minor. The notice of intent to appeal shall be given within twenty-four hours from the date of issuance of the order. The record on appeal shall be completed and the appeal shall be perfected within five days from the filing of notice to appeal. Because time may be of the essence regarding the performance **or induction** of the abortion, the supreme court of this state shall, by court rule, provide for expedited appellate review of cases appealed under this section.

3. If a minor desires an abortion, then she shall be orally informed of and, if possible, sign the written consent required ~~[by section 188.039]~~ **under this chapter** in the same manner as an adult person. No abortion shall be performed **or induced** on any minor against her will, except that an abortion may be performed **or induced** against the will of a minor pursuant to a court order described in subdivision (4) of subsection 1 of this section that the abortion is necessary to preserve the life of the minor.

188.033. Whenever an abortion facility or a family planning agency located in this state, or any of its agents or employees acting within the scope of his or her authority or employment, provides to a woman considering an abortion the name, address, telephone number, or website of an abortion provider that is located outside of the state, such abortion facility or family planning agency or its agents or employees shall also provide to such woman the printed materials produced by the department under section 188.027. If the name, address, telephone number, or website of such abortion provider is not provided to such woman in person, such printed materials shall be offered to her, and if she chooses, sent to such woman at no cost to her the same day or as soon as possible either electronically or by U.S. mail overnight delivery service or by other overnight or same-day delivery service to an address of such woman's choosing. The department shall furnish such printed materials at no cost and in sufficient quantities to abortion facilities and family planning agencies located within the state.

188.038. 1. The general assembly of this state finds that:

(1) Removing vestiges of any past bias or discrimination against pregnant women, their partners, and their family members, including their unborn children, is an important task for those in the legal, medical, social services, and human services professions;

(2) Ending any current bias or discrimination against pregnant women, their partners, and their family members, including their unborn children, is a legitimate purpose of government in order to guarantee that those who "are endowed by their Creator with certain unalienable Rights" can enjoy "Life, Liberty and the pursuit of Happiness";

(3) The historical relationship of bias or discrimination by some family planning programs and policies towards poor and minority populations, including, but not limited to, the nonconsensual sterilization of mentally ill, poor, minority, and immigrant women and other coercive family planning programs and policies, must be rejected;

(4) Among Missouri residents, the rate of black or African-American women who undergo abortions is significantly higher, about three and a half times higher, than the rate of white women who undergo abortions. Among Missouri residents, the rate of black or African-American women who undergo repeat abortions is significantly higher, about one and a half times higher, than the rate of white women who undergo repeat abortions;

(5) Performing or inducing an abortion because of the sex of the unborn child is repugnant to the values of equality of females and males and the same opportunities for girls and boys, and furthers a false mindset of female inferiority;

(6) Government has a legitimate interest in preventing the abortion of unborn children with Down Syndrome because it is a form of bias or disability discrimination and victimizes the disabled unborn child at his or her most vulnerable stage. Eliminating unborn children with Down Syndrome raises grave concerns for the lives of those who do live with disabilities. It sends a message of dwindling support for their unique challenges, fosters a false sense that disability is something that could have been avoidable, and is likely to increase the stigma associated with disability.

2. No person shall perform or induce an abortion on a woman if the person knows that the woman is seeking the abortion solely because of a prenatal diagnosis, test, or screening indicating Down Syndrome or the potential of Down Syndrome in an unborn child.

3. No person shall perform or induce an abortion on a woman if the person knows that the woman is seeking the abortion solely because of the sex or race of the unborn child.

4. Any physician or other person who performs or induces or attempts to perform or induce an abortion prohibited by this section shall be subject to all applicable civil penalties under this chapter including, but not limited to, sections 188.065 and 188.085.

188.043. 1. No person shall perform or induce ~~[a surgical or medical]~~ **an** abortion **on another** unless such person has ~~[proof of]~~ medical malpractice insurance with coverage amounts of at least ~~[five hundred thousand dollars]~~ **one million dollars per occurrence and three million dollars in the annual aggregate.**

2. For the purpose of this section, "medical malpractice insurance" means insurance coverage against the legal liability of the insured and against loss, damage, or expense incident to a claim arising out of the death or injury of any person as a result of the negligence or malpractice in rendering professional service by any health care provider.

3. No abortion facility or hospital shall employ or engage the services of a person to perform [~~one or more abortions~~] **or induce an abortion on another** if the person does not have [~~proof of~~] medical malpractice insurance pursuant to this section, except **that** the abortion facility or hospital may provide medical malpractice insurance for the services of persons employed or engaged by such facility or hospital **which is no less than the coverage amounts set forth in this section**.

4. Notwithstanding the provisions of section 334.100, failure of a person to maintain the medical malpractice insurance required by this section shall be an additional ground for sanctioning of a person's license, certificate, or permit.

188.044. 1. When a drug or chemical, or combination thereof, used by a person to induce an abortion carries a warning from its manufacturer or distributor, a peer-reviewed medical journal article, or a Food and Drug Administration label that its use may cause birth defects, disability, or other injury in a child who survives the abortion, then in addition to the requirements of section 188.043, such person shall also carry tail insurance with coverage amounts of at least one million dollars per occurrence and three million dollars in the annual aggregate for personal injury to or death of a child who survives such abortion. Such policy shall be maintained in force or be in effect for a period of twenty-one years after the person used the drug or chemical, or combination thereof, to induce the abortion.

2. For the purpose of this section, "tail insurance" means insurance which covers the legal liability of the insured once a medical malpractice insurance policy is cancelled, not renewed, or terminated, and covers claims made after such cancellation or termination for acts occurring during the period the prior medical malpractice insurance was in effect.

3. No abortion facility or hospital shall employ or engage the services of a person to induce an abortion on another using any drug or chemical, or combination thereof, which may cause birth defects, disability, or other injury in a child who survives the abortion, if the person does not have tail insurance pursuant to this section, except that the abortion facility or hospital may provide tail insurance for the services of persons employed or engaged by such facility or hospital which is no less than the coverage amounts and duration set forth in this section.

4. Notwithstanding the provisions of section 334.100 to the contrary, failure of a person to maintain the tail insurance required by this section shall be an additional ground for sanctioning of a person's license, certificate, or permit.

188.052. 1. An individual abortion report for each abortion performed or induced upon a woman shall be completed by [~~her attending~~] **the** physician **who performed or induced the abortion. Abortion reports shall include, but not be limited to, a certification that the physician does not have any knowledge that the woman sought the abortion solely because of a prenatal diagnosis, test, or screening indicating Down Syndrome or the potential of Down Syndrome in the unborn child and a certification that the physician does not have any knowledge that the woman sought the abortion solely because of the sex or race of the unborn child.**

2. An individual complication report for any post-abortion care performed upon a woman shall be completed by the physician providing such post-abortion care. This report shall include:

(1) The date of the abortion;

(2) The name and address of the abortion facility or hospital where the abortion was performed **or induced**;

(3) The nature of the abortion complication diagnosed or treated.

3. All abortion reports shall be signed by the attending physician[~~,~~] **who performed or induced the abortion** and submitted to the [state] department [~~of health and senior services~~] within forty-five days from the date of the abortion. All complication reports shall be signed by the physician providing the post-abortion care and submitted to the department [~~of health and senior services~~] within forty-five days from the date of the post-abortion care.

4. A copy of the abortion report shall be made a part of the medical record of the patient of the **abortion** facility or hospital in which the abortion was performed **or induced**.

5. The [state] department [~~of health and senior services~~] shall be responsible for collecting all abortion reports and complication reports and collating and evaluating all data gathered therefrom and shall annually publish a statistical report based on such data from abortions performed **or induced** in the previous calendar year.

188.056. 1. Notwithstanding any other provision of law to the contrary, no abortion shall be performed or induced upon a woman at eight weeks gestational age or later, except in cases of medical emergency. Any person who knowingly performs or induces an abortion of an unborn child in violation of this subsection shall be guilty of a class B felony, as well as subject to suspension or revocation of his or her professional license by his or her professional licensing board. A woman upon whom an abortion is performed or induced in violation of this subsection shall not be prosecuted for a conspiracy to violate the provisions of this section.

2. It shall be an affirmative defense for any person alleged to have violated the provisions of subsection 1 of this section that the person performed or induced an abortion because of a medical emergency. The defendant shall have the burden of persuasion that the defense is more probably true than not.

3. Prosecution under this section shall bar prosecution under sections 188.057, 188.058, or 188.375 if prosecution under such sections would violate the provisions of

20-R001

Amendment V to the Constitution of the United States or article I, section 19 of the Constitution of Missouri.

4. If any one or more provisions, subsections, sentences, clauses, phrases, or words of this section or the application thereof to any person, circumstance, or period of gestational age is found to be unenforceable, unconstitutional, or invalid by a court of competent jurisdiction, the same is hereby declared to be severable and the balance of the section shall remain effective notwithstanding such unenforceability, unconstitutionality, or invalidity. The general assembly hereby declares that it would have passed this section, and each provision, subsection, sentence, clause, phrase, or word thereof, irrespective of the fact that any one or more provisions, subsections, sentences, clauses, phrases, or words of the section, or the application of the section to any person, circumstance, or period of gestational age, would be declared unenforceable, unconstitutional, or invalid.

188.057. 1. Notwithstanding any other provision of law to the contrary, no abortion shall be performed or induced upon a woman at fourteen weeks gestational age or later, except in cases of medical emergency. Any person who knowingly performs or induces an abortion of an unborn child in violation of this subsection shall be guilty of a class B felony, as well as subject to suspension or revocation of his or her professional license by his or her professional licensing board. A woman upon whom an abortion is performed or induced in violation of this subsection shall not be prosecuted for a conspiracy to violate the provisions of this section.

2. It shall be an affirmative defense for any person alleged to have violated the provisions of subsection 1 of this section that the person performed or induced an abortion because of a medical emergency. The defendant shall have the burden of persuasion that the defense is more probably true than not.

3. Prosecution under this section shall bar prosecution under sections 188.056, 188.058, or 188.375 if prosecution under such sections would violate the provisions of Amendment V to the Constitution of the United States or article I, section 19 of the Constitution of Missouri.

4. If any one or more provisions, subsections, sentences, clauses, phrases, or words of this section or the application thereof to any person, circumstance, or period of gestational age is found to be unenforceable, unconstitutional, or invalid by a court of competent jurisdiction, the same is hereby declared to be severable and the balance of the section shall remain effective notwithstanding such unenforceability, unconstitutionality, or invalidity. The general assembly hereby declares that it would have passed this section, and each provision, subsection, sentence, clause, phrase, or word thereof, irrespective of the fact that any one or more provisions, subsections, sentences, clauses, phrases, or words

of the section, or the application of the section to any person, circumstance, or period of gestational age, would be declared unenforceable, unconstitutional, or invalid.

188.058. 1. Notwithstanding any other provision of law to the contrary, no abortion shall be performed or induced upon a woman at eighteen weeks gestational age or later, except in cases of medical emergency. Any person who knowingly performs or induces an abortion of an unborn child in violation of this subsection shall be guilty of a class B felony, as well as subject to suspension or revocation of his or her professional license by his or her professional licensing board. A woman upon whom an abortion is performed or induced in violation of this section shall not be prosecuted for a conspiracy to violate the provisions of this section.

2. It shall be an affirmative defense for any person alleged to have violated the provisions of subsection 1 of this section that the person performed or induced an abortion because of a medical emergency. The defendant shall have the burden of persuasion that the defense is more probably true than not.

3. Prosecution under this section shall bar prosecution under sections 188.056, 188.057, or 188.375 if prosecution under such sections would violate the provisions of Amendment V to the Constitution of the United States or article I, section 19 of the Constitution of Missouri.

4. If any one or more provisions, subsections, sentences, clauses, phrases, or words of this section or the application thereof to any person, circumstance, or period of gestational age is found to be unenforceable, unconstitutional, or invalid by a court of competent jurisdiction, the same is hereby declared to be severable and the balance of the section shall remain effective notwithstanding such unenforceability, unconstitutionality, or invalidity. The general assembly hereby declares that it would have passed this section, and each provision, subsection, sentence, clause, phrase, or word thereof, irrespective of the fact that any one or more provisions, subsections, sentences, clauses, phrases, or words of the section, or the application of the section to any person, circumstance, or period of gestational age, would be declared unenforceable, unconstitutional, or invalid.

188.375. 1. This section shall be known and may be cited as the "Late-Term Pain-Capable Unborn Child Protection Act".

2. As used in this section, the phrase "late-term pain-capable unborn child" shall mean an unborn child at twenty weeks gestational age or later.

3. Notwithstanding any other provision of law to the contrary, no abortion shall be performed or induced upon a woman carrying a late-term pain-capable unborn child, except in cases of medical emergency. Any person who knowingly performs or induces an abortion of a late-term pain-capable unborn child in violation of this subsection shall be

guilty of a class B felony, as well as subject to suspension or revocation of his or her professional license by his or her professional licensing board. A woman upon whom an abortion is performed or induced in violation of this subsection shall not be prosecuted for a conspiracy to violate the provisions of this subsection.

4. It shall be an affirmative defense for any person alleged to have violated the provisions of subsection 3 of this section that the person performed or induced an abortion because of a medical emergency. The defendant shall have the burden of persuasion that the defense is more probably true than not.

5. Prosecution under subsection 3 of this section shall bar prosecution under sections 188.056, 188.057, or 188.058 if prosecution under such sections would violate the provisions of Amendment V to the Constitution of the United States or article I, section 19 of the Constitution of Missouri.

6. When in cases of medical emergency a physician performs or induces an abortion upon a woman in her third trimester carrying a late-term pain-capable unborn child, the physician shall utilize the available method or technique of abortion most likely to preserve the life or health of the unborn child. In cases where the method or technique of abortion most likely to preserve the life or health of the unborn child would present a greater risk to the life or health of the woman than another legally permitted and available method or technique, the physician may utilize such other method or technique. In all cases where the physician performs or induces an abortion upon a woman during her third trimester carrying a late-term pain-capable unborn child, the physician shall certify in writing the available method or techniques considered and the reasons for choosing the method or technique employed.

7. When in cases of medical emergency a physician performs or induces an abortion upon a woman during her third trimester carrying a late-term pain-capable unborn child, there shall be in attendance a physician other than the physician performing or inducing the abortion who shall take control of and provide immediate medical care for a child born as a result of the abortion.

8. Any physician who knowingly violates any of the provisions of subsections 6 or 7 of this section shall be guilty of a class D felony, as well as subject to suspension or revocation of his or her professional license by his or her professional licensing board. A woman upon whom an abortion is performed or induced in violation of subsections 6 or 7 of this section shall not be prosecuted for a conspiracy to violate the provisions of those subsections.

9. If any one or more provisions, subsections, sentences, clauses, phrases, or words of this section or the application thereof to any person, circumstance, or period of

gestational age is found to be unenforceable, unconstitutional, or invalid by a court of competent jurisdiction, the same is hereby declared to be severable and the balance of the section shall remain effective notwithstanding such unenforceability, unconstitutionality, or invalidity. The general assembly hereby declares that it would have passed this section, and each provision, subsection, sentence, clause, phrase, or word thereof, irrespective of the fact that any one or more provisions, subsections, sentences, clauses, phrases, or words of the section, or the application of the section to any person, circumstance, or period of gestational age, would be declared unenforceable, unconstitutional, or invalid.

Section B. The enactment of section 188.017 of this act shall only become effective upon notification to the revisor of statutes by an opinion by the attorney general of Missouri, a proclamation by the governor of Missouri, or the adoption of a concurrent resolution by the Missouri general assembly that:

(1) The United States Supreme Court has overruled, in whole or in part, *Roe v. Wade*, 410 U.S. 113 (1973), restoring or granting to the state of Missouri the authority to regulate abortion to the extent set forth in section 188.017, and that as a result, it is reasonably probable that section 188.017 of this act would be upheld by the court as constitutional;

(2) An amendment to the Constitution of the United States has been adopted that has the effect of restoring or granting to the state of Missouri the authority to regulate abortion to the extent set forth in section 188.017; or

(3) The United States Congress has enacted a law that has the effect of restoring or granting to the state of Missouri the authority to regulate abortion to the extent set forth in section 188.017.

Section C. Because of the need to protect the health and safety of women and their children, both unborn and born, the repeal and reenactment of section 188.028 of this act is deemed necessary for the immediate preservation of the public health, welfare, peace and safety, and is hereby declared to be an emergency act within the meaning of the constitution, and the repeal and reenactment of section 188.028 of this act shall be in full force and effect upon its passage and approval.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-R001)

Subject

Referendum petition from Sara Baker regarding Senate Substitute for Senate Committee Substitute for House Bill No. 126. (Received May 28, 2019)

Date

June 17, 2019

Description

Voters will approve or reject this statutory change.

The referendum is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and **Missouri Life Sciences Research Board.**

Judy Morgan, District 24, Ingrid Burnett, District 19, and Donna Baringer, District 82, members of the Missouri House of Representatives Fiscal Review Committee provided information to the State Auditor's office.

Sarah Nesbitt, Washington University graduate and 240 graduates of Missouri institutions of higher education provided information to the State Auditor's office.

Mark R. Reading and Bret Fischer provided information to the State Auditor's office.

Kip Kendrick, State Representative, District 45, Ranking Member House Budget Committee provided information to the State Auditor's office.

Sarah W. Martin, 11th Ward Alderwoman, Lyda Krewson, Mayor, Annie Rice, 8th Ward Alderwoman, Dan Guenther, 9th Ward Alderman, Larry Arnowitz, 12th Ward Alderman, Cara Spencer, 20th Ward Alderwoman, Bret Narayan, 24th Ward Alderman, Shane Cohn, 25th Ward Alderman, and Heather Navarro, 28th Ward Alderwoman from City of St. Louis provided information to the State Auditor's office.

Assumptions

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated they report no fiscal impact for HB 126 as Truly Agreed and Finally Passed (TAFP).

Officials from the **Department of Health and Senior Services** indicated this referendum has no impact.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated initiative petition 20-R001 does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated their department has no impact for this fiscal note.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this referendum petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated this referendum petition would have no impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated the referendum petition would put the provisions of HB 126 to a vote of the people in the November 2020 general election.

HB 126 provides that for all tax years beginning on or after January 1, 2021, a taxpayer shall be allowed to claim a tax credit against the taxpayer's state tax liability in an amount equal to 70% of the amount such taxpayer contributed to a pregnancy resource center, an increase from the 50% previously allowed. The fiscal note for HB 126 estimates that this increase will result in a loss to General Revenue that could exceed $1.4 million annually beginning in Fiscal Year 2022.

HB 126 removes the December 31, 2024 sunset on the pregnancy resource center tax credit. The fiscal note for HB 126 estimates that the removal of the sunset will result in a loss to General Revenue that could exceed $4.9 million annually beginning in Fiscal Year 2026.

HB 126 expands the definition of pregnancy resource center to include facilities that offer services under the Alternatives to Abortion Program. It also removes the cap on the pregnancy resource tax credit for all fiscal years beginning on or after July 1, 2021. The fiscal note for HB 126 notes that these provisions, as well as the increased tax credit percentage, could increase utilization of the pregnancy resource center tax credit by an unknown amount.

Therefore, because HB 126 is estimated to reduce General Revenue by an amount that could exceed $4.9 million once the provisions are fully implemented in Fiscal Year 2026, if HB 126 were repealed there could be a positive impact to General Revenue that could exceed $4.9 million.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Office of the State Public Defender** indicated Referendum Petition 20-R001 "Abortion" will have an unknown but significant fiscal impact on the State Public Defender System. Referendum Petition 20-R002 creates a new Class B felony for "any person who knowingly . . . induces an abortion of an unborn child . . . ," which arguably would include post-conception contraception. If so, this would result in the prosecution of an unknown but significant number of indigent women throughout the state which would require representation by the State Public Defender System for the purpose of the referendum petition and as a result of excessive caseloads, their office CANNOT assume existing staff will provide competent, effective representation for any new cases where indigent persons are charged with the proposed new crime of knowingly performing or inducing an abortion of an unborn child. The Missouri State Public Defender System is currently providing legal representation in caseloads in excess of recognized standards. Their office will continue to request sufficient appropriations to provide competent and effective representation in all criminal cases where the right to counsel attaches.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this referendum petition.

Officials from the **City of Kansas City** indicated they cannot appreciate or ascertain any reasonable estimate of direct fiscal impact.

Officials from the **City of St. Louis** indicated their local government estimates the fiscal impact of the bill for fiscal years 2020, 2021 and 2022 to be as follows:

In their city, ensuring access to high-quality family planning and reproductive health services for all women, especially those who are uninsured or underinsured, is critical to improving health outcomes for the St. Louis region. Planned Parenthood and Federally Qualified Health Centers (FQHC) in their city serve as safety nets for the aforementioned population. FQHCs provide comprehensive services, which include, but are not limited to: women’s health (obstetrics/gynecology, family planning, pregnancy testing, childbirth classes), pediatrics and teens, immunizations, adult medical services, sexually transmitted

infections testing (including HIV) and treatment, dental, lead screening and treatment, and diabetes and nutrition education classes.

Planned Parenthood offers a variety of family planning, cancer prevention, and comprehensive reproductive health services, which include but are not limited to: annual gynecological exams, cervical cancer screenings, birth control, breast exams, STI testing and treatment, abortion care, emergency contraception, pregnancy tests, HPV vaccinations, urinary tract infection treatment, and vasectomies. If Planned Parenthood is no longer able to provide comprehensive reproductive and family planning services, this will create a critical gap in the St. Louis region's local public health system infrastructure, which will increase the vulnerability of economically disenfranchised populations who bear the highest burden of poor health outcomes (e.g., maternal mortality, infant mortality, chronic diseases). In addition, this will have a dire fiscal impact on other components of the health system, which will have to absorb the direct and indirect costs of obstetric care and postpartum care for the underinsured, uninsured, and for persons with public insurance (e.g., Gateway for Better Health, Medicaid).

According to recent data, the cost of having a baby in the St. Louis area ranges from $4,668 - $15,607. This range does not include delivery, indirect costs, or other special circumstances that may require additional resources or more specialized medical care. This is a cost that will be paid by hospital systems. In total, the increased costs of full-term OB care, postpartum care, and related administrative costs may exceed $7 million annually.

In addition, the safety net of reproductive care for women with limited means is fragile. If the largest provider of reproductive health care in St. Louis is unable to financially continue to be a cornerstone in the delivery of access to care, the cost in replacing the current reproductive care would be $37 million in direct care costs with an additional $8 million in increased administration costs.

One of the essential services of public health is the assurance that access to care is provided in the regions within the city's authority. The threat of massive disruptions to the delivery of care in the region to potentially vulnerable residents is significant.

They affirm the potential threat of disruption in Medicaid funding that could result from not complying with federal legislation that pledges access to comprehensive reproductive health services. In the past, their city has been penalized by federal agencies for maintaining state legislation that does not conform to minimum standards established by the federal government. Medicaid funding continues to be the glue that holds together the foundational structure for access to care. The impact of losing Medicaid funding will be calamitous to the St. Louis region's local public health system, and the lives of St. Louis residents and visitors.

Convention and Tourism

Their city has already had one Convention cancel for 2024 due to the passage of HB 126. The summarized data is as follows.

American Society for Engineering Education
Annual Conference & Exposition
Dates: June 15-18, 2024
Attendees: 4,500
Peak/Total Room Nights: 1,700/6,842
Direct Spend Economic Impact: $4.87 million

The speed at which this cancelation came through is indicative that the Convention Business would lose 3 to 4 conventions a year. The American Society for Engineering Education is representative of many of the Conventions that will be booked.

Over the next three years, at a minimum, it is expected that the loss of 3 Conventions a year will result in a $14.61 million dollar loss of economic activity each year in their city.

Loss of Students' Spending while attending our Universities

Information provided by Washington University indicates that their average student spends approximately $81,000 each, which is the impact on the local economy. If both major Universities lose conservatively 100 applicants in each of the next 3 years (200 for 1 year, 200 for 2 years, and 200 for 3 years), the amount of loss local economic activity would be $97,000,000.

Officials from **Wellsville-Middletown R-1 School District** indicated any bill that impacts the ability to provide health-related services to women including contraception, family planning, pre & post-natal services and yes, medically safe abortions, will have a long term fiscal impact on all state services.

Officials from **Metropolitan Community College** indicated no anticipated fiscal impact for their college.

Judy Morgan, District 24, Ingrid Burnett, District 19, and Donna Baringer, District 82, members of the Missouri House of Representatives Fiscal Review Committee provided the following information:

Nicole Galloway, CPA
Missouri State Auditor
Capitol Office
State Capitol, Rm 121
Jefferson City, MO 65101

June 7, 2019

Dear Auditor Galloway,

As members of the Fiscal Review Committee of the Missouri House of Representatives, we are writing in regard to House Bill No. 126, which was passed by the Missouri legislature on May 17, 2019. Specifically, we would like to address the fiscal implications of House Bill No. 126.

First, in the first sentence of paragraph one of the fiscal analysis dated May 16, 2019 (page 3), Oversight noted, "Due to time constraints of less than 1 hour, Oversight was unable to receive some of the agency responses in a timely manner and performed limited analysis." It is quite disconcerting that the Missouri legislature passed House Bill No. 126 when Oversight clearly did not have the time to adequately analyze the fiscal implications of said bill. We consider spending taxpayer dollars with "limited analysis" of its fiscal implications as irresponsible and foolish.

Second, the truly agreed to and finally passed version of House Bill No. 126 made significant changes to the tax credits for pregnancy resource centers. Currently the program has a $2.5 million cap, which will expand to $3.5 million on July 1, 2019, contains a sunset clause of December 31, 2024, and awards taxpayers up to a 50% tax credit for contributions they make to pregnancy resource centers.

House Bill No. 126 removes both the cap and the sunset for pregnancy resource centers and increases the amount of the tax credit awarded to taxpayers from 50 percent to 70 percent of their contributions to such centers. Listed below are relevant statements from the fiscal analysis in regard to the changes in the tax credits for pregnancy resource centers.

- "Also, if the amount of tax credits redeemed in a fiscal year is less than the cumulative amount, the difference shall be carried over to a subsequent fiscal year or years and shall be added to the cumulative amount of tax credits that may be authorized in that fiscal year or years. Therefore, adding unused credits from the previous year(s), the cap in any given year past FY 2019 could well exceed $3.5 million." (Page 3)
- "Oversight notes this proposal allows facilities that offer services under the Alternatives to Abortion program to qualify for the pregnancy resource center. Oversight assumes this could expand the number of pregnancy resource centers that are eligible to distribute this tax credit." (Page 4)
- "Oversight notes that starting January 1, 2021 (FY 2021) this proposal increases the amount of the credit from 50 percent of the contribution to 70 percent of the contribution. Increasing the tax credit amount could encourage additional taxpayers to participate in the program." (Page 4)

- "Oversight notes with the combination of;

    - expanding the definition of pregnancy resource centers;
    - increasing the percentage of the credit; and
    - removing the cap

    would increase the utilization of the credit and Oversight will show all impacts as Could exceed the estimates provided above." (Page 4)

From a fiscal perspective, we are very concerned about the changes House Bill No. 126 stipulated in regard to pregnancy resource centers – from lifting the cap and sunset to increasing the tax credit from 50 percent to 70 percent for contributions. As the fiscal analysis noted with such broad ranging parameters, all the estimates for the cost of implementing these changes are listed in the "Could exceed" range of dollars. Although the fiscal analysis estimated the cost at (Could exceed $1.4 million) in FY 22 and (Could exceed $4.9 million) in FY 26, we are basically working in the dark. Since the amounts are listed as "Could exceed," we actually do not know how much the state coffers will lose based on these changes.

In addition sunsets serve a useful purpose in that the program comes back to the legislature for review automatically on a periodic basis. Removing the sunset means that the legislature will never again look at the tax credit program for pregnancy resource centers.

Third, under current federal law known as the Hyde Amendment, Medicaid is only required to pay for abortions in the cases of rape, incest, or threat to the life of the mother. The fiscal analysis noted, ". . .officials from the Department of Social Services (DSS) stated the proposed language may be subject to legal challenge on the grounds that it may conflict with current federal law governing the Medicaid program to the extent that it would prohibit the Missouri Medicaid program from paying for abortions in cases of pregnancies arising from rape or incest, or in cases where the abortion is necessary to save the life of the mother." (Page 5)

Oversight documented that Missouri was directed by the United States District Court in 1994 to comply with the requirements of the Hyde Amendment. (Page 6) Furthermore, the fiscal analysis stated, "Failure to comply with the requirements of current federal law could subject Missouri to the risk of litigation and sanctions, including the possibility of deferral or disallowance of federal financial participation in Missouri's Medicaid program. The extent of the deferral or disallowance is unknown. Oversight noted in response to House Bill No. 126, the DSS stated the legislation could result in the loss of all federal Medicaid funds." (Page 6)

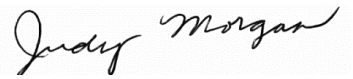
Therefore, implementation of House Bill No. 126 could result in our state losing the federal dollars we receive for MO HealthNet. According to the fiscal analysis, that amount for Fiscal Year 2019 was over $7.2 billion. (Page 6) Implementing a law that would put the disabled, mentally ill, pregnant women, and children at risk of losing their MO HealthNet coverage is unconscionable.

Fourth, the fiscal analysis noted, "This proposal may have a significant negative fiscal impact on small business health care providers if the State of Missouri loses federal funding used to provide

services to MO HealthNet recipients through these health care providers." (Page 14) Losing the $7.2 billion in federal dollars would also hurt our medical care providers.

We consider House Bill No. 126 as an unconstitutional piece of legislation based on its substance. In addition, Oversight was not provided an adequate amount of time to prepare the fiscal analysis and many uncertainties exist in regard to the fiscal impact House Bill No. 126 will have on our state budget. In closing, thank you for your consideration of this important matter affecting Missouri citizens.

Sincerely,



Judy Morgan
Missouri State Representative
District 24

Ingrid Burnett
Missouri State Representative
District 19

Donna M.C. Baringer
Missouri State Representative
District 82

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Sarah Nesbitt, Washington University graduate and 240 graduates of Missouri institutions of higher education provided the following information:

Nicole Galloway
Missouri State Auditor
State Auditor's Office, P.O. Box 869
Jefferson City, MO 65102

Dear Auditor Galloway,

As students and alumni of Missouri institutions of higher education, we write to voice our concerns about the harm the implementation of HB 126 would have on the state of Missouri. We write together, as both alumni and current students, deeply concerned about the future of our educational institutions and their ability to thrive should HB 126 go into effect. As you make your assessment of the financial risk posed to our state by this law, we encourage you to note the significant financial consequences of our objection.

None of us would choose to attend college in a state that effectively bans abortion, as this violates both our own autonomy and that of our peers. None of us would choose to further our education in an atmosphere that threatens to criminalize professionals who perform abortion, because we trust our peers who study medicine and our neighbors who practice it. They strive to provide scientifically accurate information and patient-centered care, and we oppose any effort to eclipse those standards.

If Missouri's voters fail to repeal HB 126, we will be forced to withhold support of both state and private educational institutions who have been complicit – including through silence – in its implementation. We encourage you, as Missouri's Auditor, to view each of the undersigned as a potential economic loss to Missouri. In tuition dollars alone, each of us represents tens of thousands of dollars in revenue for Missouri educational institutions annually, and the impact of the loss of our talents, our innovation, and our drive is immeasurable. Even beyond the loss of tuition dollars, taxes, and legal expenses, this measure could cost the state all of its Medicaid funding, $7.2B that provides lifesaving care to Missourians in need.

Preventing Missourians from accessing abortion after eight weeks, before some of them even know they are pregnant, is unconstitutional, dangerous, and a violation of Missourians' individual freedoms; this kind of bar on access to reproductive healthcare only hurts the communities that many of us hold dear. Given the state coffers devoted to defending this unconstitutional measure, and given the number of students that will be deterred from coming to, staying in, or returning to Missouri, the financial consequences of implementing HB 126 are both tangible and substantial. We know the human cost will be far greater.

We believe that with smart policies that leave healthcare decisions to professionals and their patients, Missouri can thrive; HB 126 is just the opposite.

We call on the auditor to understand the potential cost the loss of Missouri's students will have on Missouri, and we call on our universities to echo our concerns by submitting their own fiscal analysis of referendum 2020-2001 to the auditor by Friday, June 7th.

Sincerely,

Sarah Nesbitt
Washington University in St. Louis
Class of 2017

And the Undersigned 240 graduates of more than ten different Missouri institutions of higher education:

Elaine Emmerich	Washington University in St. Louis	Class of 2017
Julia Curbera	Washington University in St. Louis	Class of 2017
Chloe Ames	Washington University in St. Louis	Class of 2017
Nicholas Okafor	Washington University of St. Louis	Class of 2016
Madeline Stewart	Washington University in St. Louis	Class of 2018
Lemoine Joseph	Washington University in St. Louis	Class of 2016
Carly Herbert	Washington University in St Louis	Class of 2017
Savannah rush	Washington university in st louis	Class of 2018
Katelyn Moeder	Washington University in St. Louis	Class of 2017
Fatima	Washington University in St. Louis	Class of 2020
Cameron Kinker	Washington University in St. Louis	Class of 2016
Brianna McCain	Washington University in St. Louis	Class of 2016
David Graham	Washington University in St. Louis	Class of 2018
Talia Weseley	Washington University in St. Louis	Class of 2019
Julie Merrell	Washington University in St. Louis	Class of 2018
Claire Thomas	Washington University in St. Louis	Class of 2018
Jessica Klugman	Washington University	Class of 2017
Mary Prothero	Washington University in St. Louis	Class of 2015
Charles Bosco	Washington University in St. Louis	Class of 2021
Sarah Felts	Truman State University & University of Missouri School of Law	Class of 2009 & Class of 2012
Elayna Levin	Washington University in St. Louis	Class of 2017
Ishaan Shah	Washington University in St. Louis	Class of 2020
Natalie Johnson	Washington University in St. Louis	Class of 2017
Bonnie Simonoff	Washington University in St. Louis	Class of 2019
Jonah Klein-Barton	Washington University in St Louis	Class of 2018

Emily Brown	Washington University in St Louis	Class of 2016
Pia Marcus	Washington University in St Louis	Class of 2013
Julia Kaplan	Washington university in St. Louis	Class of 2012
Maya Mashkovich	Washington University in St. Louis	Class of 2018
Daniela Pedraza	Saint Louis University	Class of 2017
Valerie Hirschberg	Washington University In St. Louis / Harvard University	Class of 2018 and 2020
Brooke Nosratian	Washington University in St. Louis	Class of 2018
Ryan Paige	Washington University in St. Louis	Class of 2017
John Drollinger	Washington University in St. Louis	Class of 2012
Kirk Brown	Washington University in St. Louis	Class of 2020
Michael Gjelsten	Washington University in St. Louis	Class of 2017
Sarah Martin	Washington university in St. Louis	December 2019
Emilia Epstein	Washington University in St. Louis	Class of 2018
Rebecca Naegele	Washington University in St. Louis	Class of 2012
Nathaniel Thomas	Washington University in St. Louis	Class of 2017
Sophie Abo	Washington university in St. Louis	Class of 2019
Mary Ellis	Washington University in St. Louis	Class of 2019
Rachel Bridge	Washington University in St. Louis	Class of 2015
Laken Sylvander	Washington University in St. Louis	Class of 2017
Jessmehar Walia	Washington University in St. Louis	Class of 2017
Anna Poger	Washington University	Class of 1993
Linda Gilbreath	Washington University in St Louis	Class of 2018
Jennifer Box	University of Missouri	Class of 2004
Lisa Beal	Stephens College	Class of 2010
Elyse Max	University of Missouri- Kansas City	Class of 2006
Lauren Hucko	Washington University in St. Louis	Class of 2020
Ashley Kuykendall	Truman State University & Brown School of Social Work at Washington University	Class of 2016, Class of 2019
Carla Max	University of Missouri Columbia	Class of 1971
Archna Calfee MD	Washington University in St Louis	Class of 2001
Sara Goellner	Washington University in St Louis	Class of 1999
Matt Mitchell	University of Missouri Kansas City	Class of 2010
Elisabeth Condon	Truman State University	Class of 2018

Keaton Wetzel	Washington University in St. Louis	Class of 2015
Carlos Sedillo	Truman State University	Class of 2018
Julia Widmann	Washington University in St. Louis	Class of 2018
Marissa Rosen	Washington University in St. Louis	Class of 1998, Class of 2000
Elizabeth K Small	University of Missouri Kansas City	Class of 1978
Amy Soper	Washington University in St. Louis	Class of 2019
Paula Gerber	Washington University School of Medicine	Class of 2001
Nathan Greenberg	Washington University in St. Louis	Class of 2017
Callie Schneider	Washington University in St. Louis	Class of 2016
Sarah Hilderbrand	University of Missouri	Class of 2010
Jaydee Lee	Washington University in St. Louis	Class of 2017
Jacqueline Oestreicher	Washington University in St. Louis	Class of 2018
Martin Elliott	Washington University in St. Louis	Class of 2016
Blake Buthod	Truman State University	Class of 2018
Kari L Chesney	University of Missouri	Class of 2020
Jeremy Shapiro	Washington University in St. Louis	Class of 2019
Carter Paterson	Washington University in St. Louis	Class of 2019
Josh Halilej	Washington’s university in St. Louis	Class of 2019
Pranav nandan	Washington University in St. Louis	Class of 2019
Jack Seigel	Brown School of Social Work	Class of 2020
Norah Rast	Washington University in St. Louis	Class of 2017
Yaala Muller	Washington University in St. Louis	Class of 2017
Valorie Engholm	University of Missouri- Kansas City	Class of 2016
Erica Brandling-Bennett	Washington University in St. Louis	PhD Class of 2006
Katie Greenberg	Washington University In St. Louis	Class of 2017
Caroline Racine Belkoura	Washington university in st louis	Class of 2005
Kara Hom	Washington University in St. Louis	Class of 2019
Fiona Sloan	Washington University in St. Louis	Class of 2013
Sathya Sridharan	Washington University in St. Louis	Class of 2009
Shivani Desai	Washington University in St. Louis	Class of 2017
Ella Sudit	Washington Univeristy in St Louis	Class of 2019
Nancy Goth	MIZZOU	Class of Dec. 1975

Celeste Bleiberg	Washington university in St. Louis	Class of 2019
Sara Baker	Washington University in Saint Louis	Class of 2012
Kendall Martinez-Wright	Lincoln University of Missouri	Class of 2020
Delaney Catlettstout	University of Missouri	Class of 2021
Luke Davis	University of Missouri - Columbia	Class of 2020
Mark Matousek	Washington University in St Louis	Class of 2016
Sofia Sanchez	Crowder College	Class of 2016
Olivia Hunt	University of Missouri Columbia	Class of 2020
Elizabeth Clark	Missouri Western university	Class of 2023
Andrea Waner	University of Missouri	Class of 2011 and 2020
Olliver Wilson	Ozarks Technical Community College	Class of 2021
Cort Gamblin	West Plains Senior High	Class of 2012
Jianan Almusawi	Missouri State University	Class of 2022
Victoria altic	Ozarks Technical Community College	Class of 2023
Maggie Morris-Owens	Missouri State University	Class of 2018
Ann Tilley	Washington University	MD class of 2001
Elizabeth Fuchs	University of Missouri St. Louis	Class of 2013
Katherine Weltha	Missouri Southern State University	Class of 2017
Maria Ruiz	Washington University in St. Louis	Class of 2017
Kathleen Fisher	Missouri State University	post graduate courses
Steph Perkins	Missouri State University	Class of 2008
Patricia	Tracy	Class of 1988
Neveen Ayesh	Southern Illinois university of Edwardsville	Class of 2020
Brian Connor	University of Missouri - Columbia	Class of 2004
Jennifer Suits	St. Louis U, Parkway South, Maryville University, Washinton U.	1982 HS Diploma, 1987 BA, 1990 JD, 2001 LLM
Samuel Schnabel	Washington University in St. Louis	Class of 2016
Cynthia Alimp	Vatterott College	Class of 2008
Sarah Pritchard	Washington University in St. Louis	Class of 2016
Machelle Warren	Missouri University of Science and Technology	Class of 2019
Carlissa Gilliam	University of Missouri, Missouri State University	Class of 1990, 2003
Lyra Noce	University of Missouri, Columbia	Class of 2006
Craig Gilliam	Missouri State University	Class of 1994

Ronald Gregush	Washington University in St. Louis School of Medicine	Class of 2001
Maanasa Bandla	Washington University in St. Louis	Class of 2019
Nick Annin	Washington University in St. Louis	Class of 2017
Dana Sandweiss	St Louis University School of Law	Class of 1999
Lauren Averill	Washington University	Class of 2001
Emily Gallop Coen	Emily Gallop Coen	Class of 1996
Carolyn Petite	Washington University in St. Louis	1989 (BA) 1995 (JD)
Lucy Chin	Washington University in St. Louis	Class of 2017
Ruth Downs	Washington University In St. Louis , Brown School of Social Work	Class of 2007
Emily Gaumnitz	Washington University in St. Louis	Class of 2017
Michael Collins	Washington University in St. Louis	Class of 2018
Alex Le	Washington University in St. Louis	Class of 2021
Sophia Keskey	Washington University in St. Louis	Class of 2016
Jacob Noel	Washington University in St. Louis	Class of 2019
Sarah Turecamo	Washington University in St. Louis	Class of 2017
Jessie Kurz	Washington University in St. Louis	Class of 2018
Felice Segall	Washington University in St. Louis	Class of 2017
Paul Moiseyev	Washington University in St. Louis	Class of 2017
Ann Gocke	Washington University in St. Louis	Class of 2017
Samantha Katz	Washington University in St. Louis	Class of 2017
Ruvinee Senadheera	Washington University in St. Louis	Class of 2017
Haley Baker	Washington University in St. Louis	Class of 2016
Rachel Partridge	Washington University in St. Louis	Class of 2017
Samantha Breen	Washington University in St. Louis	Class of 2017
Daniel Meyerson	Washington University in St. Louis	Class of 2017
Claire Savage	Washington University in St. Louis	Class of 2017
Esther Cohen	University of Missouri - Columbia	Class of 1999
Satvik Reddy	Washington University In St Louis	Class of 2021
Gladys Pilz	Washington University in St Louis	Class of 1969
Maya Liran	Washington University in St. Louis	Class of 2015
Corey Salzer	Washington University In St. Louis	Class of 2017
Alexandra Barrett	Washington University in St. Louis	Class of 2017

Kira Saks	Washington University in St. Louis	Class of 2017
Lauren Peffley	Washington University in St. Louis - Brown School of Social Work	Class of 2015
Holly Gulick	Missouri Southern State University	Class of 2018
Zach Kassman	Washington University in St. Louis	Class of 2020
Monica Sass	Washington University in St. Louis	Class of 2019
Hena Vadher	Washington University in St. Louis	Class of 2017
Sam Shonfeld	Washington University in St. Louis	Class of 2021
William Sieling	Washington University in Saint Louis	Class of 2016
Meghna Padmanabhan	Washington University in St. Louis	Class of 2021
Shelby Dickison	University of Missouri	BS Class of 2004/MD Class of 2011
Jonathan Hirshberg	University of Missouri Columbia School of Medicine	Class of 2014
Shayna Conner, MD, MSCI	University of Missouri-Columbia	Class of 2008
Mary Keegan	University of Missouri Columbia School of Medicine	Class of 2010
Helen Fox	Washington University in St. Louis	Class of 2019
Alison Leslie	Washington University in St. Louis	Class of 2017
Meryl Sundy	University of Missouri	Class of 2014
Bianca Jyotishi	Washington University in St. Louis	Class of 2019
Libby Trammell	Washington University in St. Louis	Class of 2019
Anna Bartels-Newton	Washington University in St. Louis, George Warren Brown School of Social Work	Class of 2020
Sally Rifkin	Washington University in St. Louis	Class of 2018
Sheree Hickman	Washington University in St. Louis, Brown School	Class of 2019
Ben Feigenbaum	Washington University in St. Louis	Class of 2019
Kristen Beatty	Washington University in St. Louis	Class of 2019
Claudia Noto	Washington University in St. Louis	Class of 2018
Georgia Bartels-Newton	Washington University in St. Louis	Class of 2021
Melanie Marcille	Washington University in St. Louis	Class of 2018
Zachary Romo	Washington University in St. Louis	Class of 2014
Stacey Bayer	The Brown School of Social Work at Washington University	Class of 2020
Katherine Chew	Washington University in St. Louis	Class of 2017, class of 2019

Elizabeth Schmidt	Washington University in St. Louis	Class of 2015/2019
Purti Pareek	Washington University School of Law	Class of 2019
Dormie Ko	Washington University in St. Louis	Class of 2019
Melanie Cohen	Washington University in St. Louis	Class of 2017
Eric Freeman	Washington University in St. Louis	Class of 2019
Maya Sorini	Washington U in St. Louis	Class of 2018
Marissa Bohrer	Washington University in St. Louis	A.B., Class of 2014; MSW, Class of 2019
Mindy Resnick	University of Missouri- Columbia	Class of 2004
Swetha Nakshatri	Washington University in St. Louis	Class of 2020
Logan Phillips	Washington University in St. Louis	Class of 2021
Reuben Hogan	Washington University of Saint Louis	Class of 2018
Amar Karahodzic	Washington University in St. Louis	Class of 2019
Anne brown	University of Missouri-St. Louis	Class of 2021
Sarah Yapo	Washington University in St. Louis	Class of 2019
Kayce Sorbello	Washington University in St. Louis	Class of 2019
Landon Krantz	University of Missouri—Columbia	Class of 2014
Tony Bell	University of Missouri	Class of 2016
Shamilka Seneviratne	Washington University in St. Louis	Class of 2019
Anand Chukka	Washington University in St. Louis	Class of 2019
Jack Radley	Washington University in St. Louis	Class of 2019
Tess Hankin	Washington University in St. Louis	Class of 2020
Samantha Elster	Washington University in St. Louis	Class of 2020
Matthew	Grossman	Class of 2020
Sabrina Tannehill	Washington University in St Louis	Class of 2019
Natalia Molinatti	Washington University in St. Louis	Class of 2019
Chace	Conroy	Class of 2016
Kriti Prasad	Washington University in St. Louis	Class of 2017
Isabelle Adams	Washington University in St. Louis	Class of 2016
Maggie Harr	Maggie Harr	Class of 2000
Sydney Woods	Washington University in St. Louis	Class of 2018
Alexander Berezin	Washington University in St. Louis	Class of 2018
Ryan Welish	Washington University in St Louis	Class of 2019

Jenny Tallering	Washington University in St. Louis	Class of 2020
Hanna Colin	Washington University in St. Louis	Class of 2014
Katelyn Taira	Washington University in St. Louis	Class of 2018
Haley Eagle	Washington University in St. Louis	Class of 2019
Amanda Drath	Washington University in St. Louis	Class of 2019
Anne Coulomb	Washington University in St. Louis	Class of 2019
Theanne Liu	Washington University in St. Louis	JD/MSW Class of 2020
Morgen Seim	Washington University School of Law in St Louis	Class of 2021
Meredith Davis	Washington University in St . Louis	Class of 2017
Elisabeth Marsh	Catholic University of America	Class of 2008
Roxy Ackerman	Washington University in St. Louis	Class of 2020
Monika Pawar	Washington University in St. Louis	Class of 2016
Sophie Revere	Washington University in St. Louis	Class of 2015
Talia Weine	Washington University in St. Louis	Class of 2021
Emily Gleason	Washington University in St. Louis	Class of 2019
Jacob Maddox	Washington University of St. Louis	Class of 2018
Schuyler Atkins	Washington University in St. Louis	Class of 2016
Allyson Richman	Washington University a School of Law	Class of 2021
Madeleine Seibold	Washington University in St. Louis	Class of 2019
Mark Buhrmester	University of Missouri - Columbia	Class of 2008
Lara Rix	Washington University in St. Louis	Class of 2021
Nicole Lynch	Missouri State University	Class of 2016
Ashna Vasa	Washington University in St. Louis	Class of 2018
Nathan Hopkins	University of Missouri	Class of 2011
Jessica Dyer	Washington University in St. Louis	Class of 2006
Hannah Lacava	Washington University in St. Louis	Class of 2017

Mark R. Reading and Bret Fischer provided the following information:

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JUN 07 2019

STATE AUDITORS OFFICE

Submitted by:

Mark R. Reading and Bret Fischer
Jefferson City, MO 65109
(573) 694-6828
Primary Contact Person

Referendum Petition 2020-R001
Relating to HB 126 related to abortion passed by Missouri General Assembly in 2019 session
The materials are being submitted in support of qualification of the measure, but in opposition to passage.

Proposed Statement of Fiscal Impact

Fiscal Impact Information Submitted Pursuant to Section 116.175, RSMo.

The proposed legislation will result in an estimated loss of $6.16 billion in state and local revenue, including $5.2 million lost in state general revenue, $596,695 lost in state dedicated funds, $4 million lost in local funds, and $6.16 billion lost in federal funds.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	**FY 2021**	**FY 2022**
General Revenue	($3,811,195)	($5,211,195)
Other State Dedicated Funds	($596,695)	($596,695)
Total Estimated Net Effect on All State Funds	($4,407,890)	($5,807,890)
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	($4,020,542)	($4,020,542)
Total Estimated Net Effect on All Local Funds	($4,020,542)	($4,020,542)
ESTIMATED NET EFFECT ON FEDERAL FUNDS		
Federal Funds	($6,152,760,664)	($6,152,760,664)
Total Estimated Net Effect on Federal Funds	($6,152,760,664)	($6,152,760,664)
Total All Funds	($6,161,189,096)	($6,162,589,086)

Introduction

HB 126 passed by the General Assembly and signed by Governor Parson makes a variety of changes to the state's laws on abortion, pregnancy resource centers, parental notification, and state regulations. These provisions have a dramatic impact on women's human rights, privacy rights, reproductive rights, and women's health.

The fiscal note prepared by the General Assembly's Oversight Division was prepared in haste and did not allow it to provide for thoughtful analysis and fiscal estimates by state agencies and the other entities that the division normally reaches out to for comment. The Oversight Division's fiscal note, in an exceptionally unusual preface to its work, states:

> ***"Due to time constraints of less than 1 hour, Oversight was unable to receive some of the agency responses in a timely manner and performed limited analysis.*** *Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note."* (emphasis added)

As of June 7, 2019, the Division continues to show the hurried fiscal note as its current estimate, so it appears unlikely that the Division will update this fiscal note. This fiscal submission will go into detail on a variety of topics not addressed by the Oversight Division. Table 1 provides a list of the areas that may result in an economic impact to the state. It shows the local and state taxes that would be affected by changes in economic activity related to the legislation. The table also includes a list of the agencies of state and local government that could need additional resources due to making illegal an activity that was previously legal. Most of these items have already been identified in the press as issues as the result of the recently passed abortion legislation passed in Missouri, Alabama, and Georgia. Many have also been identified during the travails faced by Indiana and North Carolina when their legislatures passed controversial bills on social issues.

The analysis will focus on the top issues on the list given the short deadline required by the Auditor's office for submission of fiscal note analysis. The possible issues have been identified by reviewing press coverage of recent controversial legislation over the past few years and cover a wide range of different topics.

Table 1 - Abortion - Possible Areas of Lost Economic Activity

	Local		Local surtaxes or fees				State			
Type of activity	Income Tax (St. Louis/KC earnings tax)	Sales Tax	Hotels	Auto rentals	Convention center	Other tourism taxes	Income tax	Sales Tax	Corporate Tax	Athletes & Entertainers
Loss of Medicaid as indicated in fiscal note for HB 126	X	X					X	X	X	
Loss of expansions of companies – Marquee expansions such as being considered by General Motors in Wentzville	X	X					X	X	X	
Loss of arts and entertainers - i.e. concerts, plays, film productions, etc.		X	X	X	X	X				X
Loss of sports events – NCAA and other amateur events – example NCAA (North Carolina), St. Louis NCAA men's basketball regional (2020), U.S. Women's Team Soccer in St. Louis (2019)		X	X	X	X	X				X
Loss of conventions	X	X	X	X	X	X	X	X	X	
General reduction in tourism	X	X	X	X	X	X	X	X	X	
Boycott of Missouri businesses - Enterprise Rent-A-Car, Edward D. Jones, Anheuser Busch, Monsanto, Panera Bread, Purina, etc.	X	X					X	X	X	
Boycott of Missouri businesses by pension systems in other states	X	X					X	X	X	
Boycott of state and local bond issues resulting in higher interest rates paid										
Business loss to major Research Medical Centers - BJC, Stowers Center, etc.	X	X					X	X	X	
Other states boycotting state employee travel to Missouri	X	X	X	X	X	X		X		
Loss of current companies – examples are Indiana (LGBT) and NC (bathrooms)	X	X					X	X	X	

Abortion - Possible Areas of Lost Economic Activity (continued)

	Local		Local surtaxes or fees				State			
Type of activity	Income Tax (St. Louis/KC earnings tax)	Sales Tax	Hotels	Auto rentals	Convention center	Other tourism taxes	Income tax	Sales Tax	Corporate Tax	Athletes & Entertainers
Donors to universities – Alabama example (loss of grants/students/etc.)	X	X					X	X		
Higher Education - withdrawal of students or decrease in attendance	X	X					X	X		
	Local Cost		**State General Revenue cost**							
Increase in budgets for agencies as a result of making something illegal that had previously been legal										
Local agencies										
Local Prosecutors	X									
Local law enforcement	X									
State agencies										
Public Defender			X							
Judiciary			X							
Corrections			X							
Attorney General			X							

Table 2 - Summary of Estimated Effect of HB 126

Page #	Table #	Type of activity	FY 2021	FY 2022
9-10	Table 3	Loss of Medicaid as indicated in fiscal note for HB 126	($6,152,760,664)	($6,152,760,664)
8		Loss of Marquee expansions of companies such as General Motors expansion at Wentzville	TBD	TBD
10-11	Table 4	Loss of arts and entertainers - i.e. concerts, plays, film productions, etc.	($4,480,500) including ($2,349,900) General Revenue and ($2,130,600) local funds	($4,480,500) including ($2,349,900) General Revenue and ($2,130,600) local funds
11		Pregnancy Resource Center Tax Credit	$0	($1,400,000) and will grow to ($4,900,000) or more in FY 2026
12-13	Tables 5 and 6	Loss of sports events – NCAA and other amateur events – example NCAA (North Carolina), St. Louis NCAA men's basketball regional (2020), U.S. Women's Team Soccer in St. Louis (2019)	($3,947,932) including ($1,461,295) General Revenue and ($596,696) in state dedicated sales taxes and ($1,889,942) local funds	($3,947,932) including ($1,461,295) General Revenue and ($596,696) in state dedicated sales taxes and ($1,889,942) local funds
		Loss of conventions	TBD	TBD
		General reduction in tourism	TBD	TBD
		Boycott of Missouri businesses - Enterprise Rent-A-Car, Edward D. Jones, Anheuser Busch, Monsanto, Panera Bread, Purina, etc.	TBD	TBD
		Boycott of Missouri businesses by pension systems in other states	TBD	TBD
		Boycott of state and local bond issues resulting in higher interest rates paid	TBD	TBD
		Business loss to major Research Medical Centers - BJC, Stowers Center, etc.	TBD	TBD
		Other states boycotting state employee travel to Missouri	TBD	TBD
		Loss of current companies – examples are Indiana (LGBT) and NC (bathrooms)	TBD	TBD
		Donors to universities – Alabama example (loss of grants/students/etc.)	TBD	TBD

		Higher Education - withdrawal of students or decrease in attendance	TBD	TBD
		Total loss of funds	($6,161,189,096)	($6,162,589,096)
		GR	($3,811,195)	($5,211,195)
		Other state funds	($596,695)	($596,695)
		Local funds	($4,020,542)	($4,020,542)
		Federal Funds	($6,152,760,664)	($6,152,760,664)
		Budget increases		
		Local agencies		
		Local Prosecutors	TBD	TBD
		Local law enforcement	TBD	TBD
		subtotal	TBD	TBD
		State agencies		
		Public Defender	TBD	TBD
		Judiciary	TBD	TBD
		Corrections	TBD	TBD
		Attorney General	TBD	TBD
		subtotal	TBD	TBD
		Total	TBD	TBD

Overview of Reasons to Consider Various Issues as part of Abortion Fiscal Analysis

Medicaid summary

Most important, the Legislative Oversight Division failed to include in its summary page the largest cost item related to the bill – the loss of federal Medicaid funds. This issue is referenced in the text of the fiscal note but not included in the summary which in effect helped its passage by keeping the state cost down.

Medicaid is the single largest program in the entire state budget, consisting of approximately $11.2 billion in the FY-2020 budget, spread principally among three state departments. That amount includes approximately $6.2 billion federal funds. Any legitimate, responsible fiscal note should properly reflect the full cost of the legislation up to the amount possible under current state and federal laws. The Department of Social Services indicates that HB 126 violates the Hyde amendment in federal law with total loss of federal funds possible as a result.

Losing a portion or all of the federal funds would significantly and negatively impact Missourians. Medicaid funding provides a core funding component for hospitals, nursing homes, mental health facilities, prescription drugs and other services relied upon by nearly one million Missourians. Without such funding the state would have to pass a large tax increase to replace the lost federal funds to pay for the services or radically reduce the services available. Hospitals and nursing homes would be dramatically affected by loss of the federal funds, with some closing their doors. Health outcomes for the state's population would worsen. The loss of $6.2 billion in federal funds would result in the loss of employment and services that would multiply many times over in the loss of income, sales, and corporate tax revenues.

Boycott history summary

The Oversight Division also does not evaluate the possible impact of boycotts and other social pressure that would reduce economic activity and state revenue. Hard wedge social issues have a history of creating negative economic impact in states that pass related legislation. The two best examples are Indiana (2015) and North Carolina (2016), which faced serious boycotts and blowback after passing such legislation. Despite the very recent history of the well-documented threats and actual economic harm, the Oversight Division does not even mention or consider the possibility that HB 126 might have similar consequences. This despite the growing list of corporations, organizations, and people speaking out about the problems with recent abortion legislation passed in Missouri, Alabama, and Georgia. This also despite the fact that protests on race, workplace benefits, and campus leadership at the University of Missouri (2015)[i] led to significant student loss, reduced donations, loss of economic activity in Columbia, etc. Each of these examples shows that turmoil leads to economic loss and should be considered in an economic analysis.

Indiana passed a Religious Freedom Restoration Act[ii] in 2015. Indiana was forced to repeal and make significant changes because of the immediate economic threats levied through protests and by corporations and organizations against the state. Nine CEOs called for legislation to protect against discrimination, including Salesforce marketing, Anthem, Angie's List, Eli Lilly and Company, and Roche Diagnostics. The NBA, WBNA, and their Indiana-based teams did the same. U.S. Track and Field expressed deep concern. Angie's List threatened to cancel a $40 million expansion to its Indianapolis based headquarters. Salesforce announced it would cancel all programs that required customers or employees to travel to Indiana. Many other companies, politicians, and organizations raised their voices against the bill. In the face of this pressure, Indiana relented and passed changes to forestall major economic loss to the state.

North Carolina passed a Public Facilities Privacy and Security Act[iii] in 2016. The Wikipedia article footnoted indicates that North Carolina's economy lost over $400 million in investment and jobs. However, reporting at the time by the Associated Press indicated a cost of $3.8 billion[iv] including over 2,900 jobs by companies that cancelled projects - PayPal 400 job project, Deutsche Bank 250 job project, Adidas 160 job shoe factory, Voxpro hundreds of customer support workers, and CoStar 700 jobs. In addition, in 2016 the NCAA stripped the state of seven events including the men's championship

basketball event and indicated it would not receive any additional events through at least 2022 unless the bill was repealed. The Atlantic Coast Conference also moved events to neutral sites outside of North Carolina. The NBA also moved its All-Star game out of the state to New Orleans.

Despite these examples, the Oversight Division did not mention this possibility in the fiscal note. In each of the examples a sizable number of businesses staked out a position and many consumers have expected them to take such a position. Some possible boycotts on Missouri have already been reported[v] including companies such as Anheuser Busch, Enterprise Rent-A-Car, Panera Bread, Edward Jones, and Purina pet food. As litigation proceeds on HB 126, the calls and list of boycott suggestions will likely increase.

Marquee business expansions

As noted above, Indiana and North Carolina were faced with losing major business expansions as a result of passing controversial legislation. A major focus of the past legislative session was passing legislation to provide tax credits for General Motors for expansion at the Wentzville auto plant. General Motors will have to decide whether HB 126 is important to its expansion plans or factors into its equation when considering other suitors. However, the General Motors vision[vi] includes Driving Social Impact and Diversity which are commitments to finding women and minorities for employment and investing in women for leadership positions. HB 126 would seem to make it more difficult for GM to recruit women for Missouri jobs at all levels. The possible GM expansion is an example of the type of expansions that North Carolina lost. This fiscal note does not include any estimate for business expansion loss at this time because the bill just passed and no known business has announced concerns at this point.

Polls summary

The effectiveness of boycotts or other economic action is dependent upon the public's opinion about the issue. Overwhelming public opposition to the Indiana and North Carolina laws led to repeal of the legislation.

Polling on the issue of abortion and women's rights is also strong. Four recent polls by Gallup, Morning Consult, CBS News, HuffPost/YouGov show that most Americans do not support the abortion bills passed by Missouri, Alabama, Georgia, and Ohio.

- https://news.gallup.com/opinion/gallup/257627/alabama-bill-odds-public-consensus-abortion.aspx
- https://www.cbsnews.com/news/majority-of-americans-dont-want-roe-v-wade-overturned-cbs-news-poll-finds/
- https://morningconsult.com/2019/05/22/most-voters-oppose-abortion-laws-enacted-alabama-georgia/
- https://www.huffpost.com/entry/alabama-abortion-law-poll_n_5cdee283e4b00e035b8f7452
- https://www.vox.com/2019/5/22/18635563/poll-alabama-abortion-ban-law-democrats-republicans-2020

CBS News

- 67% want Roe v. Wade left in place, including 69% of women and 65% of men.
- Twice as many people would be angry about Roe v. Wade being overturned than happy or satisfied.
- While views divide along partisan lines, Republicans are split on overturning Roe v. Wade, with 45% saying keep it as is and 48% preferring its overturn.

Gallup

- 83% in support of abortion if woman's life endangered.
- 77% in support of abortion if the result of rape or incest.

HuffPost/YouGuv

- 57% disapprove of Alabama's law compared to 31% support.
- 50% approve of legal abortion in all or most cases compared to 37% that want abortion illegal in all or most cases.

Morning Consult

- 56% disapprove of states passing laws like those in Alabama and Georgia - similar to HuffPost/YouGov poll.
- 45% of Republicans think abortion should be legal in cases of rape, incest, or when a mother's life is in danger – similar to CBS News poll.

Loss of federal Medicaid funding

The largest possible impact on the Missouri economy as a result of the passage of HB 126 is the possible complete loss of federal funds for the state Medicaid program. The final fiscal note for HB 126 filed by the legislature's Oversight Division indicates that the state Department of Social Services reported that full funding for the Medicaid program could be lost under current federal law. The Oversight Division's fiscal note cover page summary indicates that the state loss could be more than $4.9 million as a result of passage. That is a substantial understatement of the amount of the loss which is further explained in the fiscal note's text. The $4.9 million Oversight Division fiscal note basically only reflects the cost of the pregnancy resource center tax credit and completely ignores the possible Medicaid funding loss. Medicaid is the single largest program in the entire state budget, consisting of approximately $11.2 billion in the FY-2020 budget spread principally among three state departments. That amount includes approximately $6.2 billion federal funds. Any legitimate, responsible fiscal note must properly reflect the full cost of the legislation up to the amount possible under current state and federal laws.

Federal law known as the Hyde Amendment (a "rider" to the Congressional appropriations bill for the Department of Health and Human Services renewed each year since 1981) restricts the ability of states to use federal funds to pay for abortions for Medicaid recipients except in remarkably narrow instances—where the pregnancy resulted from rape or incest and when necessary to save the life of the mother. The Missouri Department of Social Services has paid for abortions in such cases previously, using federal Medicaid funding pursuant to provisions of the Hyde Amendment. HB 126 prohibits abortions in Missouri in cases of rape or incest at eight weeks gestational age or later. Thus, it clearly violates provisions of federal law under the Hyde Amendment. That violation jeopardizes all federal Medicaid funding received by Missouri ($6.2 billion).

Losing a portion or all of the federal Medicaid funds would significantly and negatively impact Missourians, nearly one million of whom rely on the program for critical health care services. Medicaid funding provides a core funding component for hospitals, nursing homes, and mental health facilities. It is also a core component of funding prescriptions and other services. Without such funding the state would have to pass a large tax increase to replace the lost federal funds to pay for the services or radically reduce the services available. Without the federal funds hospitals and nursing homes would be dramatically affected, with some closing their doors. Health outcomes for Missourians would worsen.

The loss of all Medicaid funding would decimate the Missouri economy and health care for Missouri citizens. In addition to the loss of $6.2 billion in federal funds, the loss of employment and services would multiply many times over in the loss of income, sales, and corporate taxes. For the purposes of this fiscal note, we are including only the loss of federal funds in our estimate (not the massive multiplier effects).

It is critical to understand the human cost involved in such an ill-conceived measure as HB 126—and in particular, the impact on women's health. As the Missouri Foundation for Health stated regarding HB 126, "This law is just the latest action that flies in the face of a preponderance of evidence, conflicts with widespread consensus among health professionals, and will, in fact, be harmful, not helpful to women's health overall."

An evidence-based, scientific approach to women's health has led to great improvements in the health of women in states that have adopted such measures. However, when governments employ heavy-handed schemes like HB 126 to limit women's access to reproductive health services, women's health suffers (maternal mortality rates rise, cases of HIV increase, etc.). This is particularly problematic for Missouri because the health of Missouri women already significantly lags women's health nationally. The Missouri Foundation for Health reports that Missouri ranked 50th in 2018 in health outcomes for women, down from 43rd in 2016; and that in 2018, Missouri ranked 42nd in maternal mortality with a mortality rate of 32.6 per 100,000 (up 14 percent since 2016) compared to a national average of 20.2. So already poor health outcomes for Missouri women are getting worse. Tragically, Missouri's response was to pass a measure that will further restrict women's access to reproductive health services and thereby accelerate the decline in women's health.

Table 3 is an excerpt of the Medicaid funding table included in the Governor's Executive Budget[vii] (page 11-18) for FY 2020 showing the Governor recommended $6.2 billion in federal funds for the program. The fiscal analysis reflects the loss of the full amount because it reflects current federal law[viii].

Table 3 - Medicaid Funding in State Budget

	FY 2019 Appropriation	FY 2020 Governor Recommended
General Revenue	$2,073,734,533	$2,390,252,752
Federal Funds	$5,833,111,912	$6,152,760,664
Other Funds	$2,668,355,622	$2,664,344,600
Total	$10,575,202,067	$11,207,358,016

Arts and Culture

Nonprofit arts and cultural organizations make their communities more desirable places to live and work. They also power the state's economy by creating jobs and driving consumer and business spending, which generates significant state and local government revenue.

An extensive 2015 nationwide economic impact analysis—Arts & Economic Prosperity 5: the Economic Impact of Nonprofit Arts & Cultural Organizations & Their Audiences by Americans for the Arts—evaluated this impact. The Missouri Arts Council commissioned a Missouri-specific version of this nationwide study. The study determined:

- The arts and culture industry in Missouri generated $1.039 billion in total statewide economic activity in FY2015.
- That amount includes both $602.9 million spent by organizations that employed people locally, bought goods and services from local businesses, and attracted tourists; and $436.1 million in additional spending by audiences pumped revenue into restaurants, hotels, retail stores, parking garages, and other local businesses.
- The combined spending by organizations and audiences supported 31,925 full-time equivalent jobs, created $805.6 million in household income for local residents, and delivered $89.6 million in revenue to local ($42.6 million) and state ($47.0 million) governments.

According to the study, more than 21.4 million people attended arts and culture events produced by 491 Missouri organizations in FY2015. Generally speaking, the arts community has strongly supported progressive government policies and vigorously opposed draconian measures such as HB 126. High-profile actors, directors, musicians, etc., have made headlines opposing measures such as the North Carolina bathroom bill and the Indiana bill that sought to discriminate against the LGBT community. Therefore, it seems likely that at least some arts community personages will refuse to perform in Missouri in response to passage of HB 126. Similarly, it appears likely that many arts-minded attendees will opt to

avoid Missouri performances; instead traveling to other states with less repressive laws. Given the figures derived from the Missouri Arts Council study, even a small decrease in economic activity tied to the arts and cultural organizations would mean a significant blow to the Missouri economy. The table below calculates the loss in state and local tax revenue assuming a reduction in arts/culture economic activity of 1.0%, 2.5% and 5.0%. We recommend the 5.0% option for the following reasons:

1. It is important to note that the figures referenced above from the 2015 Missouri Arts Council study do not include the economic impact of for-profit arts and culture organizations. Therefore, spending by for-profit arts and entertainment organizations and venues, such as the Fox Theatre in St. Louis, is not included. Such economic activity is likely to be as big as or bigger than that of the nonprofit entities and was not included simply because no similar study of for profit arts/cultural economic impact in Missouri was available. Thus, the economic loss to the state and local governments would be substantially higher if the for-profit entities were taken into account.

2. The data from the FY2015 study has not been multiplied to account for inflation in the years since 2015, which tends to understate the impact of the potential loss to the state and local governments.

Table 4 - Reduction in Arts/Culture economic activity

		1.0% reduction	2.5% reduction	5.0% reduction
State tax revenue	$46,998,000	$469,980	$1,174,950	$2,349,900
Local tax revenue	$42,612,000	$426,120	$1,065,300	$2,130,600
Overall loss	$89,610,000	$896,100	$2,240,250	$4,480,500

Pregnancy Resource Center Tax Credit

Four significant changes related to the pregnancy resource center tax credit were created by HB 126.

- The definition of a pregnancy resource center is modified to include facilities that provide assistance to women and families with crisis pregnancies or unplanned pregnancies by offering services specified in the bill and services provided under the Missouri Alternatives to Abortion Services Program.
- The tax credit that may be claimed is increased from 50 percent of the amount contributed to 70 percent beginning in tax year 2021.
- The $3.5 million cap on the amount of tax credits that may be claimed annually is removed in Fiscal Year 2022.
- The December 31, 2024 sunset provision on the program is eliminated.

While it is difficult to estimate the fiscal impact of the definitional change, it is clear that the remaining three provisions are likely to significantly increase state costs. Even if donations to pregnancy resource centers remain the same, the cost to the state for tax credits will increase markedly due to raising the credit from 50 to 70 percent of the amount contributed. That results in a $1.4 million FY-22 cost to the state as reported by the Oversight Division in its fiscal note for HB 126.

Removing the cap on the amount of tax credits will result in much greater costs to the state. Those costs are effectively inestimable because there will be no limit on the amount of credits that can be claimed. The only check on the amount of credits will be the amount of eligible contributions made to pregnancy resource centers. Therefore, that cost is unknown but potentially highly significant.

Eliminating the sunset on the amount of tax credits will cost the state at least $3.5 million annually beginning in FY-26 (also as reported by Oversight). Therefore, the total cost to the state will be $4.9 million to unknown.

Sporting events and conventions

Missouri is in much the same situation as North Carolina was in 2016-2017 in terms of sporting events. There are eight NCAA events scheduled from 2019 to 2022. The NCAA stripped North Carolina of seven events. The NHL All-Star Game is scheduled in St. Louis. The NBA moved its All-Star game from North Carolina in response to passage of the Public Facilities Privacy and Security Act in 2016.

In addition, US Gymnastics will have its annual championship in Kansas City in 2019 and its Olympic Trials in 2020. Given the tremendous sadness associated with widely reported abuse suffered by the women's gymnastics team members, it would seem that there will be calls by athletes and others to boycott at least their portion of the event in hopes of having it moved elsewhere.

The events include:

Kansas City events

- 2019 U.S. Gymnastics Championships – August 8-11, 2019 - Sprint Center

St. Louis events

- 2020 NHL All-Star Game - January 24-26, 2020 - Enterprise Center
- 2020 Missouri Valley Conference Men's Basketball Tournament - March 5-8, 2020 - Enterprise Center
- 2020 NCAA Men's Basketball Championship First/Second Rounds - March 19 & 21, 2020 - Enterprise Center
- 2020 NCAA Division II Spring Festival - May 10-16, 2020 - Lindenwood University / Dwight Davis Memorial Tennis Center
- 2020 NCAA Division III Men's & Women's Tennis Championships - May 18-23, 2020 - Dwight Davis Memorial Tennis Center
- 2020 U.S. Olympic Team Trials - Gymnastics - June 25-28, 2020 - Enterprise Center
- 2021 NCAA Division I Wrestling Championships - March 18-20, 2021 - Enterprise Center
- 2021 NCAA Division III Women's Volleyball Championship - November 18-20, 2021 - Washington University Field House
- 2022 NCAA Division II Wrestling Championships - March 11-12, 2022 - Chaifetz Arena
- 2022 NCAA Division II Women's Lacrosse Championship - May 20-22, 2022 - Harlen C. Hunter Stadium

The NCAA may not move all of its events to another location outside Missouri. Other sponsors will use their own criteria and judgement to determine whether to proceed with their events. However, data exists for the economic impact of one of the NCAA events to help put into perspective the loss of a single event. In 2020 St. Louis will host the NCAA Men's Basketball tournament first and second round games at the Enterprise Center. Multiple events on the above list are held at the Enterprise Center or at venues of a similar size.

Table 5 shows the economic estimate as reported in the local press for seven of the eight venues that hosted the same men's basketball rounds in 2019. The number of seats shown is the basketball configuration seat number as reported in Wikipedia. The average economic impact per seat for the seven venues is $443. That average economic impact would compute to $9.7 million in economic activity in St. Louis for this event.

Table 5 - Estimated Economic Impact of 2020 NCAA Men's Basketball Tournament at Enterprise Center

City	Stadium/Arena	Seats	Economic Impact	Economic Impact per seat
Hartford, CT	XL Center	16,294	$7,700,000	$473
Salt Lake City, UT	Vivint Smart Home Arena	18,306	$5,500,000	$300
Des Moines, IA	Wells Fargo Arena	16,110	$6,000,000	$372
Jacksonville, FL	Jacksonville Veterans Memorial Arena	14,091	$10,000,000	$710
Tulsa, OK	BOK Center	17,839	$9,000,000	$505
Columbus, OH	Nationwide Arena	19,500	$6,000,000	$308
Columbia, SC	Colonial Life Arena	18,000	$9,000,000	$500
San Jose, CA	SAP Center	18,543	N/A	N/A
	Total without San Jose	120,140	$53,200,000	$443
St. Louis estimate	Enterprise Center	22,000	$9,741,968	$443

Table 6 estimates the state and local tax loss for a loss of a single sporting event the size of the NCAA Men's basketball Tournament games in St. Louis. Assuming the sales tax is applied to the entire economic activity, and not including a calculation for individual income taxes, the cancellation of a single event would cost the state $411,598. In the past the Oversight Division has used a statewide local sales tax estimate of 3.88% for its fiscal notes, although the major event areas often are higher. This fiscal note assumes the 3.88% for a total loss of $377,988 in local sales taxes.

This fiscal note assumes the loss of five events statewide the size of the 2020 basketball event. This assumption is made because no additional estimate of loss is included in the analysis for a general tourism decrease. Even a small reduction in the rate of growth of general tourism would be greater than the $3.9 million state and local tax loss assumed. The 2018 Annual Report of the St. Louis Convention Center highlights[ix] 19 of the roughly 100 conventions it reports each year. The total rooms booked for those conventions is 20,490 rooms booked. That is higher than the number of rooms booked reported in the cities that hosted the same round of basketball in 2019. In addition, the estimate does not include any estimate of local convention surtaxes or fees. The estimate is therefore quite conservative.

Table 6 - Estimated loss to State and Local Funds for 1 event

	1 event	5 events
Economic Activity lost	($9,741,968)	($48,709,839)
State Sales tax		
GR (3%)	($292,259)	($1,461,295)
Dedicated taxes (1.225%)	($119,339)	($596,696)
subtotal state taxes	($411,598)	($2,057,991)
Local Sales tax (3.88%)	($377,988)	($1,889,942)
Total loss	($789,586)	($3,947,932)

Reference footnotes

[i] Wikipedia background: https://en.wikipedia.org/wiki/2015%E2%80%9316_University_of_Missouri_protests

[ii] Wikipedia background: https://en.wikipedia.org/wiki/Religious_Freedom_Restoration_Act_(Indiana)

[iii] Wikipedia background: https://en.wikipedia.org/wiki/Public_Facilities_Privacy_%26_Security_Act

[iv] Associated Press: https://www.cnbc.com/2017/03/27/bathroom-bill-to-cost-north-carolina-376-billion.html

[v] Boycotts to Missouri and other states: https://wjla.com/news/nation-world/calls-to-boycott-alabama-georgia-missouri-over-restrictive-abortion-laws

[vi] General Motors Vision Statement 2017 on corporate website: https://media.gm.com/media/us/en/gm/news.detail.html/content/Pages/news/us/en/2018/jun/0612-sustainability.html

[vii] State of Missouri: Executive Budget for FY 2020: https://oa.mo.gov/sites/default/files/FY_2020_EB_Social_Services.pdf

[viii] Should the federal government not penalize the state for the entire amount of Medicaid, even a small percentage reduction to the Medicaid federal funds could have a substantial amount of impact, especially if it is targeted to women's health care.

[ix] St. Louis Convention and Visitors Commission 2018 Annual Report: https://explorestlouis.com/wp-content/uploads/2018/09/Annual-Report-2018.pdf

Kip Kendrick, State Representative, District 45, Ranking Member House Budget Committee provided the following information:

CAPITOL OFFICE
201 West Capitol Avenue
Room 101B
Jefferson City, MO 65101-6806
(573) 751-4189
kip.kendrick@house.mo.gov

COMMITTEES:
Budget
Ethics
Higher Education
Subcommittee on Appropriations-Education
Special Committee on Government Oversight

KIP KENDRICK
State Representative
District 45

RECEIVED
JUN 12 2019
STATE AUDITOR'S OFFICE

June 12, 2019

Dear Auditor Galloway:

I write to request that, in any fiscal note you prepare for any proposed petition pertaining to HB 126, your office incorporates the information and considerations contained in the fiscal note prepared for the final version of that legislation. For your reference, this fiscal note was identified for the General Assembly with reference number L.R. No. 0461-18. This fiscal note reflects the understanding and agreement of the General Assembly of the estimated impact of this bill upon the state budget at the time HB 126 was Truly Agreed To and Finally Passed. A copy of L.R. No. 0461-18 is attached for your reference.

Sincerely,

Kip Kendrick
State Representative, District 45
Ranking Member House Budget Committee

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0461-18
Bill No.: SS for SCS for HB 126
Subject: Abortion
Type: Original
Date: May 16, 2019

Bill Summary: This proposal requires the use of a fetal heartbeat detection test prior to an abortion and prohibits an abortion is a fetal heartbeat is detected.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2020	FY 2021	FY 2022	Fully Implemented (FY 2026)
General Revenue	$0	$0	(Could exceed $1,400,000)	(Could exceed $4,900,000)
Total Estimated Net Effect on General Revenue	**$0**	**$0**	**(Could exceed $1,400,000)**	**(Could exceed $4,900,000)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2020	FY 2021	FY 2022	Fully Implemented (FY 2026)
Total Estimated Net Effect on Other State Funds	**$0**	**$0**	**$0**	**$0**

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 14 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2020	FY 2021	FY 2022	Fully Implemented (FY 2026)
Federal	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)
Total Estimated Net Effect on All Federal Funds	**$0 to (Unknown)**	**$0 to (Unknown)**	**$0 to (Unknown)**	**$0 to (Unknown)**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2020	FY 2021	FY 2022	Fully Implemented (FY 2026)
Total Estimated Net Effect on FTE	**0**	**0**	**0**	**0**

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed $100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2020	FY 2021	FY 2022	Fully Implemented (FY 2026)
Local Government	**$0**	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints of less than 1 hour, **Oversight** was unable to receive some of the agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

§135.630 Pregnancy Resource Center Tax Credit

Oversight notes according to the Tax Credit Analysis submitted by the Department of Social Services regarding this program, the Pregnancy Resource Center tax credit program had the following activity;

	FY 2016	FY 20167	FY 2018	FY 2019 (projected)	FY 2020 (projected)
Certificates Issued	4,363	4,628	4,416	4,400	5,400
Amount Authorized	$2,499,442	$2,443,386	$2,499,394	$2,500,000	$3,500,000
Amount Issued	$2,499,442	$2,443,386	$2,499,394	$2,500,000	$3,500,000
Amount Redeemed	$1,845,875	$2,183,505	$2,094,375	$2,000,000	$3,000,000

Amount Outstanding - $2,346,957 Amount Authorized but Unissued - 0

Oversight notes the pregnancy resource center tax credit program currently has a $2.5 million annual cap. The cap is scheduled to increase to $3.5 million starting July 1, 2019. Also, if the amount of tax credits redeemed in a fiscal year is less than the cumulative amount, the difference shall be carried over to a subsequent fiscal year or years and shall be added to the cumulative amount of tax credits that may be authorized in that fiscal year or years. Therefore, adding unused credits from the previous year(s), the cap in any given year past FY 2019 could well exceed $3.5 million. The tax credit is scheduled to sunset on December 31, 2024, unless extended. In response to similar legislation this year, DOR confirmed that this tax credit is a first come first served credit and they have not had to apportion the credit.

Oversight notes the pregnancy resource center tax credit program allows a taxpayer to receive a tax credit up to 50% of the contribution they make to a pregnancy resource center. Currently a pregnancy resource center can provide counseling, emotional and material support to a client but are prohibited from providing childbirth or abortion services.

In response to similar legislation filed this year, SB 204, officials at the **Department of Revenue** assumed this proposed section increases the amount of tax credit awarded to taxpayers from 50 percent of their contribution to the pregnancy resource centers to 70 percent of their contribution to pregnancy resource centers.

ASSUMPTION (continued)

During the 2018 Regular Session; HB 1288 increased the pregnancy resource tax credit cap to $3.5 million. This proposed legislation removes this cap, along with the sunset provisions. The Department in FY18 redeemed a total of $2,094,375 in the Pregnancy Resource Center tax credit, which consisted of credits at 50 percent of the contribution amount. If the tax credit award is increased from 50 percent of the contribution to 70 percent of the contribution, the Department estimates, based on FY18 redemption data, redemptions could increase by $1,047,152 for a total redemption amount of $3,141,527. The Pregnancy Resource Tax Credit, though, is limited to the tax liability of the taxpayer. Thus, it is unknown whether such increase in redemptions would occur in full.

Oversight notes this proposal allows facilities that offer services under the Alternatives to Abortion program to qualify for the pregnancy resource center. Oversight assumes this could expand the number of pregnancy resource centers that are eligible to distribute this tax credit. However, Oversight will not reflect a fiscal impact from this change alone.

Oversight notes that starting January 1, 2021 (FY 2021) this proposal increases the amount of the credit from 50% of the contribution to 70% of the contribution. Increasing the tax credit amount could encourage additional taxpayers to participate in the program. At 50%, the $3.5 million cap would generate $7,000,000 in contributions. This proposal would increase the credit rate to 70% and therefore, cost the state $4,900,000 ($7 million x 70%) in credits. This could result in an additional $1,400,000 ($4.9 m - $3.5 m) in credits per year. Oversight will show an impact of could exceed $1.4 million annually starting in FY 2022 (when calendar year 2021 tax returns are filed).

Oversight notes this proposal also would remove the sunset language from the pregnancy resource center tax credit. Since this program is to sunset on December 31, 2024, removal of the sunset would continue this credit past FY 2025. Oversight will show the impact as a loss of state revenues of could exceed $4.9 million annually starting in FY 2026 (current $3.5 m cap + $1.4 m increase in participation).

Oversight notes with the combination of;

- expanding the definition of pregnancy resource centers;
- increasing the percentage of the credit; and
- removing the cap

would increase the utilization of the credit and Oversight will show all impacts as Could exceed the estimates provided above.

ASSUMPTION (continued)

§§188.010 and 188.017 - Right to Life of the Unborn Child Act

Oversight notes, in response to the previous version of this proposal, the **Department of Corrections (DOC)** stated the proposal would not have a direct fiscal impact on their organization.

Oversight notes in response to similar legislation (SB 345), officials from the **Department of Corrections (DOC)** stated according to the Department of Health and Senior Services, Missouri currently has one licensed abortion facility (located in St. Louis). Women seeking abortions in Missouri will either go to another state or to the St. Louis facility. If this bill is enacted, the St. Louis facility closes. However, women will only have to drive a few more miles to Illinois, where abortions are legal.

Currently, there are three laws concerning abortion that contain penalties for violation (§188.080.001 - Class A misdemeanor; §188.080.002 - Class B felony; and §188.075.001 - Class A misdemeanor). No convictions of these statutes occurred in FY 2016 - 2018, even with the paucity of abortion facilities in the state. For these reasons, it is expected that enactment of this bill will have no fiscal impact on the DOC.

Oversight does not have any information to the contrary. Therefore, Oversight assumes there will be no fiscal impact to the DOC for fiscal note purposes.

Oversight notes, in response to the previous version of this proposal, the **Department of Social Services (DSS)** has stated the proposal would not have a direct fiscal impact on their organization.

In response to legislation with similar provisions banning abortions except in medical emergencies (SB 345), officials from the **Department of Social Services (DSS)** stated the proposed language may be subject to legal challenge on the grounds that it may conflict with current federal law governing the Medicaid program to the extent that it would prohibit the Missouri Medicaid program from paying for abortions in cases of pregnancies arising from rape or incest, or in cases where the abortion is necessary to save the life of the mother. Under current federal law, state Medicaid programs are not required to pay for abortions except in cases of rape, incest and when necessary to save the life of the mother. This is known as the Hyde Amendment. The current version of the Hyde amendment is included in the federal appropriation bill for the Medicaid program. (See the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019, Pub. L. No. 115-245, §§506-07, 132 Stat. 2981 (2018).)

ASSUMPTION (continued)

In 1994 the United States District Court entered an injunction against Missouri directing Missouri to comply with the requirements of the Hyde Amendment. (Stangler vs. Shalala, 1994 WL 764104 (W.D.Mo 1994)). Failure to comply with the requirements of current federal law could subject Missouri to the risk of litigation and sanctions, including the possibility of deferral or disallowance of federal financial participation in Missouri's Medicaid program. The extent of the deferral or disallowance is unknown.

Oversight notes in response to HB 126, the DSS stated the legislation could result in the loss of all federal Medicaid funds. In FY 2019, there is over $7.2 billion federal funds budgeted for MO HealthNet services across the Department of Social Services, Department of Mental Health, and Department of Health and Senior Services.

Oversight notes DSS officials provided the MO HealthNet Division paid for 2 abortions during FY 2018 to save the life of the mother; no abortions were paid for during FY 2017 and 2 abortions were paid for in FY 2016 that resulted from rape and incest.

Oversight assumes federal funding would only be in jeopardy if, as a result of rape and incest, the DSS did not authorize funding for abortions for MO HealthNet recipients and the DSS actually had cases that met those conditions. Oversight contacted the DSS and requested a letter be obtained from the Centers for Medicare and Medicaid (CMS) services stating whether the provisions of 188.026.3 would result in the loss of federal funding. DSS believes it is unlikely CMS will provide such a letter. Since it is unknown whether DSS would lose some or all federal funding, Oversight will range the potential loss of federal funding from $0 to (Unknown).

§§188.015 and 188.038 - Prohibition on selective abortions

In response to similar legislation (HB 771), officials from the **Department of Health and Senior Services (DHSS)** assumed the provisions of these sections would have no fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this organization.

In response to similar legislation (HB 771), officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** stated these provisions are anticipated to have no fiscal impact on the DIFP. However, should the extent of the work be more than anticipated, the DIFP would request additional appropriation and/or FTE through the budget process.

Oversight notes, in response to similar legislation (HB 771), the **Office of Attorney General, the Department of Social Services** and the **Office of State Courts Administrator** stated the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these organizations.

ASSUMPTION (continued)

§188.018 - Unconstitutionality of provisions

Oversight assumes the provisions of this section will have no fiscal impact on state agencies.

§188.026 - Missouri stands for the unborn act

Oversight assumes the provisions of this proposal will have no fiscal impact on state departments.

§188.027 - Printed materials to include information on causing pain

In response to legislation from this current session relating to printed materials (HB 252), officials from the **Department of Health and Senior Services (DHSS)** assumed the proposal would have no fiscal impact on their organization.

Oversight notes that from conversations with DHSS officials the department states they already have a surplus of the printed materials required by this proposal stored in their warehouse. In addition, DHSS states that the required materials are posted on their website and can be printed by clinics/providers when necessary. It is further assumed by DHSS officials that if someone needed the required materials to be sent to them, the clinic/provider would bear the mailing costs. Therefore, this proposal is not expected to have a fiscal impact on the DHSS.

§188.028 - Consent for minor to obtain an abortion

In response to similar legislation (HB 127), officials from the **Office of Attorney General (AGO)** assumed any additional litigation costs arising from this proposal can be absorbed with existing personnel and resources. However, the AGO may seek additional appropriations if there is a significant increase in litigation.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform the work associated with the proposal with existing staff and resources.

Oversight notes, in response to similar legislation (HB 127), the **Department of Health and Senior Services**, the **Department of Social Services** and the **Office of State Courts Administrator** have stated the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these organizations.

ASSUMPTION (continued)

§188.033 - Out-of-state abortions accompanied by printed materials

In response to similar legislation (HB 282), officials from the **Department of Health and Senior Services (DHSS)** assumed the proposal would have no fiscal impact on their organization.

Oversight notes that from conversations with DHSS officials the department states they already have a surplus of the printed materials required by this proposal stored in their warehouse. In addition, DHSS states that the required materials are posted on their website and can be printed by clinics/providers when necessary. It is further assumed by DHSS officials that if someone needed the required materials to be sent to them, the clinic/provider would bear the mailing costs. Therefore, this proposal is not expected to have a fiscal impact on the DHSS.

Oversight notes, in response to similar legislation (HB 282), the **Office of Attorney General, the Department of Social Services, the Office of State Courts Administrator** and **St. Louis County** have each stated the proposal would not have a direct fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these organizations.

§§188.043 and 188.044 - Malpractice and tail insurance

In response to similar legislation (SCS HB 126), officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** stated this bill is anticipated to have no fiscal impact to the department. However, should the extent of the work be more than anticipated, the DIFP would request additional appropriation and/or FTE through the budget process.

Oversight does not have any information to the contrary. Oversight assumes the DIFP will be able to perform the additional duties required by this proposal with existing personnel and resources. Oversight will reflect a zero fiscal impact for the DIFP for fiscal note purposes.

§§188.056, 188.057, and 188.058 - No abortions performed except in medical emergencies

Oversight notes the provisions of these sections provide that no abortion will be performed upon a woman at eight, fourteen or eighteen weeks gestational age or later, except in cases of medical emergencies. Oversight assumes these provisions would have no fiscal impact on state agencies.

Bill as a whole

ASSUMPTION (continued)

Officials from the **Office of Attorney General (AGO)** assume any additional litigation costs arising from this proposal can be absorbed with existing personnel and resources. However, the AGO may seek additional appropriations if there is a significant increase in litigation.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state this bill is anticipated to have no fiscal impact to the department. However, should the extent of the work be more than anticipated, the DIFP would request additional appropriation and/or FTE through the budget process.

Oversight does not have any information to the contrary. Oversight assumes the DIFP will be able to perform the additional duties required by this proposal with existing personnel and resources. Oversight will reflect a zero fiscal impact for the DIFP for fiscal note purposes.

Officials from the **Missouri Office of Prosecution Services** have stated the proposal would not have a fiscal impact on their organization. However, the creation of a new crime creates additional responsibilities for county prosecutors which may in turn result in additional costs which are difficult to determine. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this organization.

Oversight notes that the **Department of Corrections**, the **Department of Public Safety, Missouri State Highway Patrol**, the **Office of State Courts Administrator**, the **Office of State Public Defender** and **Legislative Research** have stated the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these organizations.

§188.375 - Late-term pain-capable unborn child protection act

Oversight notes in response to similar legislation (SB 345), officials from the **Department of Corrections (DOC)** stated according to the Department of Health and Senior Services, Missouri currently has one licensed abortion facility (located in St. Louis). Women seeking abortions in Missouri will either go to another state or to the St. Louis facility. If this bill is enacted, the St. Louis facility closes. However, women will only have to drive a few more miles to Illinois, where abortions are legal.

ASSUMPTION (continued)

Currently, there are three laws concerning abortion that contain penalties for violation (§188.080.001 - Class A misdemeanor; §188.080.002 - Class B felony; and §188.075.001 - Class A misdemeanor). No convictions of these statutes occurred in FY 2016 - 2018, even with the paucity of abortion facilities in the state. For these reasons, it is expected that enactment of this bill will have no fiscal impact on the DOC.

Oversight does not have any information to the contrary. Therefore, Oversight assumes there will be no fiscal impact to the DOC for fiscal note purposes.

In response to similar legislation (SB 139), officials from the **Department of Social Services (DSS)** state the proposed language may be subject to legal challenge on the grounds that it may conflict with current federal law governing the Medicaid program to the extent that it would prohibit the Missouri Medicaid program from paying for abortions in cases of pregnancies arising from rape or incest, or in cases where the abortion is necessary to save the life of the mother. Under current federal law, state Medicaid programs are not required to pay for abortions except in cases of rape, incest and when necessary to save the life of the mother. This is known as the Hyde Amendment. The current version of the Hyde amendment is included in the federal appropriation bill for the Medicaid program. (See PL 114-113, 114-223 and PL 114-254.) In 1994 the United States District Court entered an injunction against Missouri directing Missouri to comply with the requirements of the Hyde Amendment. (Stangler vs. Shalala, 1994 WL 764104 (W.D.Mo 1994)). Failure to comply with the requirements of current federal law could subject Missouri to the risk of litigation and sanctions, including the possibility of deferral or disallowance of federal financial participation in Missouri's Medicaid program. The extent of the deferral or disallowance is unknown.

This legislation could result in the loss of all federal Medicaid funds. In FY 2019, there is over $7.2 billion federal funds budgeted for MO HealthNet services across the Department of Social Services, Department of Mental Health, and Department of Health and Senior Services. To continue covering services in SFY 2020 to Medicaid participants, the State of Missouri would need an additional $7,408,762,188 in General Revenue to account for the reduction in Federal matching funds. A 2.4% medical inflation rate was used for FY 2020, FY 2021 and FY 2022.

SFY 2020: GR - $7,408,762,188, FED - 0, OTHER - 0, Total: $7,408,762,188
SFY 2021: GR - $7,586,572,481, FED - 0, OTHER - 0, Total: $7,586,572,481
SFY 2022: GR - $7,768,650,220, FED - 0, OTHER - 0, Total: $7,768,650,220

Oversight notes DSS officials provided the MO HealthNet Division paid for 2 abortions during FY 2018 to save the life of the mother; no abortions were paid for during FY 2017 and 2 abortion were paid for in FY 2016 that resulted from rape and incest.

ASSUMPTION (continued)

Oversight assumes federal funding would only be in jeopardy if, as a result of rape and incest, the DSS did not authorize funding for abortions for MO HealthNet recipients and the DSS actually had cases that met those conditions. Since it is unknown whether DSS would lose some or all federal funding, Oversight will range the potential loss of federal funding from $0 to (Unknown)

In response to similar legislation (SB 139), officials from the **Department of Health and Senior Services (DHSS)** stated §188.026.1-2 of the proposed legislation requires a physician performing an abortion to conduct a fetal heartbeat determination, and a record of the results of the fetal heartbeat determination exam to be included in the woman's medical record. The DHSS, Division of Regulation and Licensure, Section for Health Standards and Licensure (HSL) is responsible for regulating abortion facilities. This will require two additional steps to be added to the survey process to ensure the physician performing the abortion conducts a fetal heartbeat determination exam, and the medical record includes documentation of the fetal heartbeat determination. It is assumed that these new questions will require less than 30 additional minutes per survey, at the three abortion facilities in Missouri, for a total of one and one-half hours of additional work a year. These surveys are conducted by a Health Facilities Nursing Consultant. The average hourly rate for this position is $26.05, so the additional cost of these additional questions is $39.08 annually (1.5 hours x 26.05).

In addition, §188.052.2(4) of the proposed legislation states that the time, date, method, and results of the fetal heartbeat detection test performed prior to an abortion shall be captured in the individual complication report. This would require DHSS, Division of Community and Public Health (DCPH), to make minor revisions to the Complication Report for Post-Abortion Care form that is posted on the DHSS website, and would also require minor changes to the DHSS database used to capture this information. Both of these revisions could be completed by current staff. Forms are not printed, therefore, DCPH would not incur any cost to print revised forms.

The department anticipates being able to absorb these costs. However, until the FY20 budget is final, the department cannot identify specific funding sources.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the DHSS will be able to perform the additional duties prescribed in this bill with current staff and resources and will present no fiscal impact to the DHSS for fiscal note purposes.

In response to similar legislation (SB 139), officials from the **Office of Attorney General (AGO)** assumed any additional litigation costs arising from this proposal can be absorbed with existing personnel and resources. However, the AGO may seek additional appropriations if there is a significant increase in litigation.

ASSUMPTION (continued)

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

In response to similar legislation (SB 139), officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state this bill is anticipated to have no fiscal impact on the DIFP. However, should the extent of the work be more than anticipated, the DIFP would request additional appropriation and/or FTE through the budget process.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the DIFP can perform the additional duties required by this proposal with existing personnel and resources.

Oversight notes the provisions of §188.026.4 provide that if a physician fails to conduct a fetal heartbeat detection test prior to the performance or inducement of an abortion, he/she will be subject to having his/her license application rejected, revoked, or suspended by the state board of registration for the healing arts for a period of six months and shall be subject to a fine of one thousand dollars.

Per DHSS's 2016 Annual Report (most current available), 4,562 abortions were performed in Missouri. Per www.steadyhealth.com, fetal heartbeats can usually be detected around 6-7 weeks, although it can take up to 10 weeks for the heartbeat to be heard. Other online information indicated a doctor can usually detect the baby's heartbeat at 9-10 weeks, although sometimes it takes 12 weeks for it to be easily detected. For purposes of this fiscal note, Oversight assumed a fetal heartbeat would be detected after 9-10 weeks. According to DHSS's report, 1,323 abortions (29%) were performed after the 9-10 week period of time.

Oversight notes, per DHSS's response, there are three facilities in Missouri which perform abortions. With the limited number of facilities providing abortion services, Oversight assumes there would be a limited number of physicians required to comply with the provisions of this the proposal. Therefore, for fiscal note purposes, Oversight is not presenting potential fine revenue; however, any fine revenue collected would be deposited in the State School Moneys Fund (0616).

Oversight notes, in response to similar legislation (SB 139), the **Office of State Courts Administrator (OSCA)** stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for OSCA.

FISCAL IMPACT - State Government	FY 2020 (10 Mo.)	FY 2021	FY 2022	Fully Implemented (FY 2026)
GENERAL REVENUE FUND				
Cost - DOR §135.630 removing the cap and sunset language from the pregnancy resource center	$0	$0	(Could exceed $1,400,000)	(Could exceed $4,900,000)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	**$0**	**$0**	**(Could exceed $1,400,000)**	**(Could exceed $4,900,000)**
FEDERAL FUNDS				
Loss - DSS (§188.026) A potential reduction in federal funding if Missouri is found to be non-compliant with federal law	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	**$0 to (Unknown)**	**$0 to (Unknown)**	**$0 to (Unknown)**	**$0 to (Unknown)**

FISCAL IMPACT - Local Government	FY 2020 (10 Mo.)	FY 2021	FY 2022	Fully Implemented (FY 2026)
	$0	**$0**	**$0**	**$0**

FISCAL IMPACT - Small Business

This proposal may have a significant negative fiscal impact on small business health care providers if the State of Missouri loses federal funding used to provide services to MO HealthNet recipients through these health care providers.

FISCAL DESCRIPTION

This proposal modifies provisions relating to abortion and the pregnancy resource center tax credit.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General
Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Corrections
Department of Revenue
Legislative Research
Department of Social Services
Missouri Office of Prosecution Services
Office of State Courts Administrator
Office of State Public Defender

Kyle Rieman
Director
May 16, 2019

Ross Strope
Assistant Director
May 16, 2019

HW-C:LR:OD

Sarah W. Martin, 11th Ward Alderwoman, Lyda Krewson, Mayor, Annie Rice, 8th Ward Alderwoman, Dan Guenther, 9th Ward Alderman, Larry Arnowitz, 12th Ward Alderman, Cara Spencer, 20th Ward Alderwoman, Bret Narayan, 24th Ward Alderman, Shane Cohn, 25th Ward Alderman, and Heather Navarro, 28th Ward Alderwoman from City of St. Louis provided the following information:

BOARD OF ALDERMEN

CITY OF SAINT LOUIS
MISSOURI

Sarah Wood Martin
Alderwoman, 11th Ward

--COMMITTEES--
Engrossment Rules, Resolutions & Credentials
Health & Human Services
Parks & Environmental Matters
Streets, Traffic & Refuse

June 11, 2019

Office of the Missouri State Auditor
Auditor Nicole Galloway
Capitol Building, Suite 121
P.O. Box 869
Jefferson City, Missouri 65102

Dear Madam Auditor Galloway,

We write to you as elected officials representing a portion of the state's largest economy. Please consider this correspondence a request of a cost overview analysis to determine the potential financial impact of the Missouri Legislature's passage of House Bill 126.

The Saint Louis region generates nearly half of Missouri's revenue, bringing in over $30 million in sales tax revenue. According to Missouri's Department of Economic Development, "The St. Louis region boasts one of America's great metropolises in the Gateway City, with almost ten Fortune 500 firms, world-class museums, restaurants, shopping, and sports (Cardinal baseball and Blues Hockey). Leading industries include retail trade, professional and technical services, construction, food services and administrative and support services such as Edward Jones, Enterprise Rent-A-Car, AG Edwards and Anheuser-Busch."

We already know from the previous legislation, discriminatory laws in Missouri and other states have negative financial impacts. In 2016, when the Missouri Legislature attempted to discriminate against our LGBT neighbors we heard widespread criticism from the business community about how this law would have made Missouri an unattractive place to do business. House Bill 126 has the same effect. Discrimination, in any form, is detrimental to the hiring abilities and financial bottom line of our major industries. Allowing HB 126 to become law will spark backlash against our state. We could face economic boycotts and travel advisories as our residents push back against this unconstitutional law. This is not unprecedented in Missouri- we need look no further than the NAACP's issuance of a travel advisory in 2017 warning visitors who travel to our state that they may face discrimination. Right now, we can look to states like Georgia to see legislation similar to HB 126 has triggered a boycott from leading artists and entertainers costing the state millions. We cannot suffer another blow to our economic development.

Room 230, City Hall • 1200 Market Street • St. Louis, MO 63103 • (314) 622-3756
martins@stlouis-mo.gov

These types of discriminatory laws have a broad impact. Potential students have announced they will no longer consider Missouri's top higher education institutes. These same institutions have research facilities that will have to contend with the best and the brightest looking to work elsewhere. Our convention center will be competing to attract conferences and entertainment with cities in other more inclusive states. Corporations rooted in Saint Louis and those looking to relocate have already denounced discriminatory laws citing the difficulty of competing for top talent.

The Legislature's Fiscal Oversight Division reports the fiscal impact of this fully implemented legislation on General Revenue in 2026 could exceed $4,900,000. Our state also stands to lose $7.2B in Medicaid funding should this measure become law. This number was determined quickly and without a full response from all departments. We know this legislation will have severe financial consequences for our city. We ask you to consider those costs in your analysis of referenda seeking to repeal HB 126 that will come before your office for review.

Sincerely,

Mayor Lyda Krewson
8th Ward Alderwoman Annie Rice
9th Ward Alderman Dan Guenther
11th Ward Alderwoman Sarah W. Martin
12th Ward Alderman Larry Arnowitz
20th Ward Alderwoman Cara Spencer
24th Ward Alderman Bret Narayan
25th Ward Alderman Shane Cohn
28th Ward Alderwoman Heather Navarro

The State Auditor's office did not receive a response from the **Attorney General's office,** the **Secretary of State's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, University of Missouri, St. Louis Community College,** and **Missouri Life Sciences Research Board.**

Fiscal Note Summary

Revenues from state sources may decrease by at least $4.9 million annually and federal Medicaid revenues may decrease by an unknown amount, up to $7.2 billion annually. The Public Defender's Office anticipates increased costs of an unknown amount to defend women's medical actions after conception. Local governmental entities anticipate a significant negative impact.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 24, 2020

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
JAN 24 2020
STATE AUDITORS OFFICE

RE: Petition approval request from Mark Parachini regarding a proposed constitutional amendment to Article XV (2020-148)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mark Parachini on January 24, 2020.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

STAPLE HERE

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County _____

INITIATIVE PETITION

Page No. _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2020 JAN 24 AM 10: 12
BY JOHN R. ASHCROFT
SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

	Signature	Date Signed	Registered Voting Address	Zip Code	Cong. District	Printed First and Last Name
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Street Address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____

(Seal)

_____
Signature of Notary

_____
Address of Notary

20-148

Be it resolved by the People of this State of Missouri that the Constitution be amended:

To enact a new Article XV of this Constitution as follows:

XV Section 1. Right of adults to possess and use cannabis – 1. Purposes.

The purposes of this Section 1 are to establish the rights of adults in this State to possess and use cannabis. These rights include, but are not limited to, the rights of consuming, smoking, ingesting, selling, purchasing, storing, testing, processing, engineering, transporting, cultivating, transferring, and otherwise using or possessing cannabis in this State. Cannabis includes, but is not limited to, any and all variations and varieties of hemp, hemp-infused products, marijuana, marijuana-infused products, and any other derivatives or products made therefrom. This Article XV shall have no impact on Article XIV of this Constitution. This Article XV shall have no impact on any enacted or proposed hemp laws and regulations in existence on the effective date of this Article XV. Except as provided in subsection (2) of this Article XV, the administration, regulation and enforcement of this Section 1 shall be by use of a similar method or similar methods as those established for the regulation of intoxicating liquor as provided in Chapter 311 of the Revised Statutes of Missouri and other directly relevant and applicable laws, rules and regulations of Missouri, but only if such laws, rules and regulations are in accordance with the purposes of this Article XV.

2. Administration, Regulation and Enforcement; Taxes; Criminal and Civil Implications; and Effective Date.

(a) Under this Article XV, the department of health and senior services shall regulate marijuana and marijuana-infused products in this State and shall emphasize the importance of public health, welfare and safety, including economic impact of the people of this State. The department of health and senior services shall promulgate emergency rules and rules necessary for the administration, regulation and enforcement of this Article XV. The department of health and senior services shall have sole authority for administration, regulation and enforcement of this Article XV. The department of health and senior services shall issue certifications to qualifying entities allowing legal patrons to purchase and otherwise use marijuana and marijuana-infused products in privately owned establishments. Consumer protection laws in existence on the effective date of this Article XV shall remain effective, regardless of subsequent changes in state or federal law. Nothing in this Article XV shall impact the rights, duties, protections, and obligations of individuals and entities regulated under Article XIV of this Constitution.

(b) Any Missouri entity, directly controlled and at least seventy-five percent owned by one or more Missouri residents, shall have the right to a license allowing such entity to use and possess quantities of marijuana and marijuana-infused products in excess of eight ounces if, and only if such entity submits objective proof of an operational plan, objective proof of preemptive, initial and/or continued compliance with requirements established pursuant to this Article XV, and objective proof of a certification attesting to the knowledge and understanding of compliance requirements promulgated pursuant to this Section, including industry standards established by a Missouri cannabis industry association, as designated by the department of health and senior services . Such designated association must have the mission of fostering a safe, substantial and

successful Missouri cannabis industry for the people of this State. Such designated association shall develop industry standards based on its mission and issue certifications to any entity, significant employee, and owner that verifies reasonable understanding and knowledge of compliance requirements and industry standards.

(c) Taxes levied pursuant to this Section 1 shall be at a rate of five percent on final retail sales or shall be the existing tax rate assessed against intoxicating liquor as of the effective date of this Article XV, whichever is less. All taxes collected pursuant to this Article XV shall be divided annually and equally into five fund accounts to be established by the department of health and senior services. The five fund accounts shall be used for: 1) funding for State and local road and infrastructure projects, with half going to the State for such purposes; 2) funding for programs assisting veterans of this State; 3) funding for local non-profit corporations and organizations dedicated to assisting local communities with drug-addiction relief and prevention programs, local housing and food programs, and any other local programs assisting disadvantaged families, children and individuals, including the homeless; 4)funding for public schools in economically disadvantaged districts; and 5) funding paid to local law enforcement offices and agencies with significant crime rates, to be used for combatting dangerous and illegal drug markets in their jurisdictions, excluding cannabis. No additional taxes shall be assessed on marijuana or marijuana-infused products. All fees required and assessed pursuant to this Section 1, as determined to be absolutely necessary by the department of health and senior services, shall be reasonable and shall be used exclusively for the administration, regulation and enforcement of this Article XV.

(d) The department of health and senior services shall issue any emergency rules, rules or programs necessary for accomplishing the purposes of this Section 1. No law, rule, regulation, action of a court, or any government or locality may infringe upon the civil and legal rights of a resident individual or domestic entity from participating in the legal cannabis industry of this State, either as a consumer, for-profit business, or nonprofit corporation in this State, unless not authorized by and in accordance with the laws, emergency rules, regulations and requirements promulgated under this Article XV. These rights include, but are not limited to, the rights to adopt, receive advice from counsel, protection against false imprisonment, protection against unreasonable searches and seizures, and any other rights that are traditionally recognized in this State.

(e) This Article XV shall not be subject to or impacted by the laws of other jurisdictions. No out-of-state entity or individual may participate in the Missouri cannabis market, unless authorized as necessary by the department of health and senior services. The department of health and senior services shall be responsible for overseeing any licensing and authorizations issued pursuant to this paragraph (d).

(f) All entities holding a license, certificate and/or any other form of authorization issued pursuant to this Section 1 shall be seventy-five percent owned and directly controlled by natural persons that have been residents of this State for at least the last three years. Any entity in compliance with this Section 1, shall have the right to apply for and obtain any such license, permit, certification, and/or authorization issued or required to be issued by the department of

health and senior services. The department of health and senior services shall recognize the rights of all legal people of this State to participate in their own cannabis industry.

(g) Any emergency rules, rules, limits, requirements, duties, obligations, fees, and any other necessities and responsibilities established by the department of health and senior services pursuant to this Section 1 shall be fair, reasonable and in accordance with any other laws and regulations not impacted by the implementation and adoption of this Article XV.

(h) Residents of this State, whether residing in this State voluntarily, involuntarily, temporarily or otherwise, shall have the right to be free of any criminal punishment, criminal allegation, criminal requirement, criminal charge, criminal conviction, criminal sentence, criminal record and/or any other criminal enforcement actions or allegations for actual, direct, conspired, suspected and/or indirect involvement with cannabis related crimes and/or civil violations, unless such use or possession involved more than fifty ounces of marijuana and/or marijuana-infused products at any one moment in time, extreme violence, or gross indifference to human life. The department of health and senior services shall establish civil penalties for illegally using and/or possessing more than twenty but less than thirty-five ounces of marijuana and/or marijuana-infused products at any one moment in time, not to exceed $50,000.00. The department of health and senior services shall establish civil penalties for illegally using and/or possessing thirty-five to fifty ounces of marijuana and/or marijuana-infused products at any one moment in time, not to exceed $250,000.00. The department of health and senior services shall not charge more than a $1,000.00 civil penalty for the possession and/or use of twenty or less ounces of marijuana and/or marijuana-infused products at any one moment in time. No individual or entity licensed under the laws, regulations and/or rules of this State shall be subject to criminal or civil liability solely for engaging in activities, conduct, acts, and/or omissions involving or related to cannabis, unless doing so would violate the quantity and nonviolence related requirements of this Article XV. Any individual or entity impacted by this paragraph (h) shall have the right to seek immediate relief, and such relief shall be granted immediately if available under this paragraph (h).

(i) The department of health and senior services shall continue administration, regulation and enforcement of Article XIV, regardless of the adoption of this Article XV.

(j) The department of health and senior services shall be the sole authority of administration, regulation and enforcement of this Article XV, unless otherwise provided in this Section 1. All emergency rules and rules promulgated under this Article XV shall be fair and reasonable to all people of this State. Public health, safety and welfare, including the safety of marijuana and marijuana-infused products, shall be considered when promulgating and enforcing emergency rules, rules, regulations, and any other actions taken pursuant to this Article XV.

(k) If the department of health and senior services is no longer in existence, its successor, or another governing body, shall have and must use full authority to administer, regulate and enforce this Article XV.

(k) Nothing in Article XV shall impact the rights, obligations, requirements, and protections of persons and entities licensed, certified, and/or regulated in any way under Article XIV of this Constitution.

(l) If any section, subsection, paragraph, term, and/or any provision of this Article XV is determined illegal by the highest court of this State, all others will remain in full force and effect, regardless of any act of congress or otherwise.

(m) The effective date of this Article XV shall be January 1, 2021, or shall be the effective date as determined by existing law, or shall be the effective date as established by the department of health and senior services if it so chooses, whichever one is earliest.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
JAN 23 2020
STATE AUDITORS OFFICE

RECEIVED
JAN 23 2020
STATE AUDITORS OFFICE

January 23, 2020

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mark Parachini regarding a proposed constitutional amendment to Article XV (2020-147)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mark Parachini on January 23, 2020.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

20-147

STAPLE HERE

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County _____

INITIATIVE PETITION

Page No. _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2020 JAN 23 AM 11:01
SECRETARY OF STATE

STATE OF MISSOURI, COUNTY OF _____

CIRCULATOR'S AFFIDAVIT

I, _____ being first duly sworn, say (print names of signers)

	Signature	Date Signed	Registered Voting Address	Zip Code	Cong. District	Printed First and Last Name
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Street Address of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____

(Seal)

_____
Signature of Notary

_____
Address of Notary

Be it resolved by the People of this State of Missouri that the Constitution be amended:

To enact a new Article XV of this Constitution as follows:

XV Section 1. Right of adults to possess and use cannabis – 1. Purposes.

The purposes of this Section 1 are to establish the rights of adults in this State to possess and use cannabis. These rights include, but are not limited to, the rights of consuming, smoking, ingesting, selling, purchasing, storing, testing, processing, engineering, transporting, cultivating, and transferring cannabis in this State. Cannabis includes, but is not limited to, any and all variations and varieties of hemp, hemp-infused products, marijuana, marijuana-infused products, and any other derivative or product made therefrom. This Article XV shall have no impact on Article XIV of this Constitution. This Article XV shall have no impact on any enacted or proposed hemp laws and regulations in existence on the effective date of this Article XV. Except as provided in subsection (2) of this Article XV, the administration, regulation and enforcement of this Section 1 shall use the same method, or a similar method, implemented by this State for the administration, regulation and enforcement of tabaco and tabaco-infused products. Only entities and natural persons licensed, certified, and otherwise authorized by the department of health and senior services shall have the right to use quantities of processed and usable marijuana and marijuana-infused products in excess of eight ounces.

2. Administration, Regulation and Enforcement; Taxes; Criminal and Civil Implications; and Effective Date

(a) The department of health and senior services shall regulate marijuana and marijuana-infused products in this State and shall emphasize the importance of public health, welfare and safety. The department of health and senior services shall promulgate emergency rules and rules necessary for the administration, regulation and enforcement of this Article XV. The department of health and senior services shall have sole authority for administration, regulation and enforcement of this Article XV. Consumer protection laws in existence on the effective date of this Article XV shall remain effective, regardless of subsequent changes in state or federal law. Nothing in this Article XV shall impact the rights, duties and obligations of individuals and entities regulated under Article XIV of this Constitution.

(b) Taxes levied pursuant to this Section 1 shall be at a rate of five percent on final retail sales or shall be the existing tax rate assessed against tabaco and tabaco-infused products as of the effective date of this Article XV, whichever is less. All taxes collected pursuant to this Article XV shall be divided annually and equally into five fund accounts to be established by the department of health and senior services. The five fund accounts shall be used for: 1) funding for State and local road and infrastructure projects, with half going to the State for such purposes; 2) funding for programs assisting veterans of this State; 3) funding for local non-profit corporations and organizations dedicated to assisting local communities with drug-addiction relief and prevention programs, local housing and food programs, and any other local programs assisting disadvantaged families, children and individuals, including the homeless; 4)funding for public schools in economically disadvantaged districts; and 5) funding paid equally to local law enforcement agencies and organizations for combatting dangerous and illegal drug markets in

their jurisdictions, excluding cannabis. No additional taxes shall be assessed on marijuana or marijuana-infused products. All fees required and assessed pursuant to this Section 1, as determined as necessary by the department of health and senior services, shall be reasonable and shall be used exclusively for the administration, regulation and enforcement of this Article XV.

(c) The department of health and senior services may issue any emergency rule, rule or program necessary for accomplishing the purposes of this Section 1.

(d) This Article XV shall not be subject to or impacted by the laws of other jurisdictions. No out-of-state entity or individual may participate in the Missouri cannabis market, unless authorized as necessary by the department of health and senior services. The department of health and senior services shall be responsible for overseeing any licensing and authorizations issued pursuant to this paragraph (d).

(e) All entities holding a license, certificate and/or any other form of authorization issued pursuant to this Section 1 shall be owned and directly controlled by natural persons that have been residents of this State for at least the last three years. Any entity in compliance with this Section 1, shall have the right to apply for and obtain any such license, permit, certification, and/or authorization issued or required to be issued by the department of health and senior services. The department of health and senior services shall recognize the rights of all legal people of this State to participate in their cannabis industry.

(f) Any emergency rules, rules, limits, requirements, duties, obligations, fees, and any other necessities and responsibilities established by the department of health and senior services pursuant to this Section 1 shall be fair, reasonable and in accordance with any other laws and regulations not impacted by the implementation and adoption of this Article XV.

(g) Residents of this State, whether residing in this State voluntarily, involuntarily, temporarily or otherwise, shall have the right to be free of any criminal punishment, criminal allegation, criminal requirement, criminal charge, criminal conviction, criminal sentence, criminal record and/or any other criminal enforcement actions or allegations for actual, direct, conspired, suspected and/or indirect involvement with nonviolent cannabis related crimes or civil violations, unless such use or possession involved more than fifty ounces of marijuana and/or marijuana-infused products at any one moment in time. The department of health and senior services shall establish civil penalties for illegally using and/or possessing more than twenty but less than thirty-five ounces of marijuana and/or marijuana-infused products at any one moment in time, not to exceed $50,000.00. The department of health and senior services shall establish civil penalties for illegally using and/or possessing thirty-five to fifty ounces of marijuana and/or marijuana-infused products at any one moment in time, not to exceed $250,000.00. The department of health and senior services shall not charge more than $1,000.00 for the illegal possession and/or use of twenty or less ounces of marijuana and/or marijuana-infused products at any one moment in time. No individual or entity licensed under the laws, regulations and/or rules of this State shall be subject to criminal or civil liability solely for engaging in activities, conduct, acts, and/or omissions involving or related to cannabis, unless doing so would violate the quantity and nonviolence related requirements of this Article XV. Any individual or entity

impacted by this paragraph (i) shall have the right to seek immediate relief, and such relief shall be granted immediately if available under this paragraph (i).

(h) The department of health and senior services shall continue administration, regulation and enforcement of Article XIV, regardless of the adoption of this Article XV.

(i) The department of health and senior services shall be the sole authority of administration, regulation and enforcement of this Article XV. All emergency rules and rules promulgated under this Article XV shall be fair and reasonable to all people of this State. Public health, safety and welfare, including the safety of marijuana and marijuana-infused products, shall be considered when promulgating and enforcing emergency rules, rules, regulations, and any other actions taken pursuant to this Article XV.

(j) If the department of health and senior services is no longer in existence, its successor, or another governing body, shall have and must use full authority to administer, regulate and enforce this Article XV.

(k) Nothing in Article XV shall impact the rights of persons and entities licensed, certified, and/or regulated in any way under Article XIV of this Constitution.

(l) If any section, subsection, paragraph, term, and/or any provision of this Article XV is determined illegal by the highest court of this State, all others will remain in full force and effect, regardless of any act of congress or otherwise.

(m) The effective date of this Article XV shall be January 1, 2021, or shall be the effective date as determined by existing law, or shall be the effective date as established by the department of health and senior services if it so chooses, whichever one is earliest.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 16, 2020

RECEIVED
JAN 16 2020
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mark Parachini regarding a proposed constitutional amendment to Article XIV (2020-146)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mark Parachini on January 16, 2020.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

STAPLE HERE

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County _____

INITIATIVE PETITION

Page No. _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2020 JAN 16 AM 10:51
SEC OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

	Signature	Date Signed	Registered Voting Address	Zip Code	Cong. District	Printed First and Last Name
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

_____ Signature of Affiant (Person obtaining signatures)

_____ Street Address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____

(Seal)

_____ Signature of Notary

_____ Address of Notary

20-146

ARTICLE XIV
MEDICAL AND ADULT-USE CANNABIS

SECTIONS
Right to access medical marijuana.
Right to access adult-use marijuana.

Section 1. Right to access medical marijuana.—1. Purposes.

This section is intended to permit state-licensed physicians to recommend marijuana for medical purposes to patients with serious illnesses and medical conditions. The section allows patients with qualifying medical conditions the right to discuss freely with their physicians the possible benefits of medical marijuana use, the right of their physicians to provide professional advice concerning the same, and the right to cultivate, purchase and use quality medical marijuana for treatment under the recommendation and supervision of a physician.

This section is intended to make only those changes to Missouri laws that are necessary to protect patients, their primary caregivers, and their physicians from civil and criminal penalties, and to allow for the limited legal production, distribution, sale and purchase of marijuana for medical use. This section is not intended to change current civil and criminal laws governing the use of marijuana for nonmedical purposes, or to unreasonably restrict access to and availability of satisfactory and necessary quantities of high-quality marijuana for medical use by qualifying patients. The section does not allow for the public use of marijuana and driving under the influence of marijuana.

2. Definitions.

(1) "Administer" means the direct application of marijuana to a qualifying patient by way of any of the following methods:

(a) Ingestion of capsules, teas, oils, and other marijuana-infused products;

(b) Vaporization or smoking of processed marijuana, such as dried flowers, buds, plant material suitable for medical use, extracts, or oils;

(c) Application of ointments or balms;

(d) Transdermal patches and suppositories;

(e) Consuming marijuana-infused food products; or

(f) Any other method recommended by a qualifying patient's physician.

(2) "Department" means the department of health and senior services, or its successor agency.

(3) "Entity" means a natural person, corporation, professional corporation, non-profit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) "Flowering plant" means a marijuana plant from the time it exhibits the [first] final signs of sexual maturity through harvest.

(5) "Marijuana" or "marihuana" means *Cannabis indica*, *Cannabis sativa*, and *Cannabis ruderalis*, hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana, as well as resin

extracted from the plant and marijuana-infused products. "Marijuana" or "marihuana" do not include industrial hemp containing a cropwide average tetrahydrocannabinol concentration that does not exceed three-tenths of one percent on a dry weight basis, or commodities or products manufactured from industrial hemp.

(6) "Marijuana-infused products" means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(7) "Medical marijuana cultivation facility" means a facility licensed by the department to acquire, cultivate, process, store, transport, and sell marijuana to a medical marijuana dispensary facility, medical marijuana testing facility, or to a medical marijuana-infused products manufacturing facility, and as otherwise provided in this Article XIV.

(8) "Medical marijuana dispensary facility" means a facility licensed by the department to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and drug paraphernalia used to administer marijuana as provided for in this section to a qualifying patient, a primary caregiver, another medical marijuana dispensary facility, a medical marijuana testing facility, or a medical marijuana-infused products manufacturing facility, and as otherwise provided in this Article XIV.

(9) "Medical marijuana-infused products manufacturing facility" means a facility licensed by the department to acquire, store, manufacture, transport, and sell marijuana-infused products to a medical marijuana dispensary facility, a medical marijuana testing facility, or to another medical marijuana-infused products manufacturing facility, and as otherwise provided in this Article XIV.

(10) "Medical marijuana testing facility" means a facility certified by the department to acquire, test, certify, and transport marijuana.

(11) "Medical use" means the production, possession, delivery, distribution, transportation, or administration of marijuana or a marijuana-infused product, or drug paraphernalia used to administer marijuana or a marijuana-infused product, for the benefit of a qualifying patient to mitigate the symptoms or effects of the patient's qualifying medical condition.

(12) "Physician" means an individual who is licensed and in good standing to practice medicine or osteopathy under Missouri law.

(13) "Physician certification" means a document, whether handwritten, electronic or in another commonly used format, signed by a physician and stating that, in the physician's professional opinion, the patient suffers from a qualifying medical condition listed in this section, and any other additional qualifying medical conditions as determined by the department, so long as such additional conditions do not impact or alter recognized qualifying medical conditions as determined by physicians of this state as of or after December 6, 2018.

(14) "Primary caregiver" means an individual twenty-one years of age or older who has significant responsibility for managing the wellbeing of a qualifying patient, at the discretion of the patient, and who is designated as such on the primary caregiver's application for an identification card under this section or in other written notification to the department.

(15) "Qualifying medical condition" means the condition of, symptoms related to, or side-effects from the treatment of:

(a) Cancer;

(b) Epilepsy;

(c) Glaucoma;

(d) Intractable migraines unresponsive to other treatment;

(e) A chronic medical condition that causes severe, persistent pain or persistent muscle spasms, including but not limited to those associated with multiple sclerosis, seizures, Parkinson's disease, and Tourette's syndrome;

(f) Debilitating psychiatric disorders, including, but not limited to, posttraumatic stress disorder, if diagnosed by a state licensed psychiatrist;

(g) Human immunodeficiency virus or acquired immune deficiency syndrome;

(h) A chronic medical condition that is normally treated with a prescription medication that could lead to physical or psychological dependence, when a physician determines that medical use of marijuana could be effective in treating that condition and would serve as a safer alternative, or as a supplement, to the prescription medication;

(i) Any terminal illness; or

(j) In the professional judgment of a physician, any other chronic, debilitating or other medical condition, including, but not limited to, hepatitis C, amyotrophic lateral sclerosis, inflammatory bowel disease, Crohn's disease, Huntington's disease, autism, neuropathies, sickle cell anemia, agitation of Alzheimer's disease, cachexia, and wasting syndrome.

(16) "Qualifying patient" means a Missouri resident diagnosed with at least one qualifying medical condition.

3. Creating Patient Access to Medical Marijuana.

(1) In carrying out the implementation of this section, the department shall have the authority to:

(a) Grant or refuse state licenses and certifications for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use as provided by law; suspend, fine, restrict, or revoke such licenses and certifications upon a violation of this section or a rule promulgated pursuant to this section; and impose any administrative penalty authorized by this section or any rule promulgated pursuant to this section[.];

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana for medical use and for the enforcement of this section so long as patient access is not restricted [unreasonably] and such rules are reasonably necessary for patient safety or to restrict access to only licensees and qualifying patients, unless otherwise provided in this Article XIV[.];

(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section, and as otherwise provided in this Article XIV;

(d) Require a seed-to-sale tracking system that tracks medical marijuana from either the seed or immature plant stage until the medical marijuana or medical marijuana-infused product is sold to a qualifying patient or primary caregiver to ensure that no medical marijuana grown by a medical marijuana cultivation facility or manufactured by a medical marijuana-infused products manufacturing facility is sold or otherwise transferred except by a medical marijuana dispensary facility, unless otherwise provided in this Article XIV. The department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees[.];

(e) Issue standards for the secure transportation of marijuana and marijuana-infused products. The department shall certify entities which demonstrate compliance with its transportation standards to transport marijuana and marijuana-infused products to a medical marijuana cultivation facility, a medical marijuana-infused products manufacturing facility, a medical marijuana dispensary facility, a medical marijuana testing facility, or another entity with a transportation certification. The department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity licensed or certified pursuant to this section shall be allowed to transport cannabis. Any other individual or entity regulated under this Article XIV or as determined necessary by the department shall be allowed to transport cannabis, including marijuana, medical marijuana and the products made therefrom[.];

(f) The department may charge a fee not to exceed $5,000 for any certification issued pursuant to this section, or as otherwise provided in this Article XIV[.];

(g) Prepare and transmit annually a publicly available report accounting to the governor for the efficient discharge of all responsibilities assigned to the department under this section; and

(h) Establish a system to numerically score competing medical marijuana licensee and certificate applicants, only in cases where more applicants apply than the minimum number of licenses or certificates as calculated by this section, which scoring shall be limited to an analysis of the following:

(i) the character, veracity, background, qualifications, and relevant experience of principal officers or managers;

(ii) the business plan proposed by the applicant, which in the case of cultivation facilities and dispensaries shall include the ability to maintain an adequate supply of marijuana, plans to ensure safety and security of qualifying patients and the community, procedures to be used to prevent diversion, and any plan for making marijuana available to low-income qualifying patients;

(iii) site security;

(iv) experience in a legal cannabis market;

(v) in the case of medical marijuana testing facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and/or potency and health care industry experience;

(vi) the potential for positive economic impact in the site community;

(vii) in the case of medical marijuana cultivation facilities, capacity or experience with agriculture, horticulture, and health care;

(viii) in the case of medical marijuana dispensary facilities, capacity or experience with health care, the suitability of the proposed location, and its accessibility for patients;

(ix) in the case of medical marijuana-infused products manufacturing facilities, capacity or experience with food and beverage manufacturing; and

(x) maintaining competitiveness in the marijuana for medical use marketplace.

In ranking applicants and awarding licenses and certificates, the department may consult or contract with other public agencies with relevant expertise regarding these factors. The department shall lift or ease any limit on the number of licensees or certificate holders in order to [meet the demand] provide an easily accessible and necessary supply [for] of marijuana for medical use by qualifying patients in accordance with the purposes of this section.

(2) The department shall issue any rules or emergency rules necessary for the implementation and enforcement of this section and to ensure the right to, ease of availability, and safe use of marijuana for medical use by qualifying patients. In developing such rules or emergency rules, the department may consult with other public agencies. In addition to any other rules or emergency rules necessary to carry out the mandates of this section, the department may issue rules or emergency rules relating to the following subjects:

(a) Compliance with, enforcement of, or violation of any provision of this section or any rule issued pursuant to this section, including procedures and grounds for denying, suspending, fining, restricting, or revoking a state license or certification issued pursuant to this section;

(b) Specifications of duties of officers and employees of the department;

(c) Instructions or guidance for local authorities and law enforcement officers;

(d) Requirements for inspections, investigations, searches, seizures, and such additional enforcement activities as may become necessary from time to time;

(e) Creation of a range of administrative penalties for use by the department;

(f) Prohibition of misrepresentation and unfair practices[.];

(g) Control of informational and product displays on licensed premises provided that the rules may not prevent or unreasonably restrict appropriate signs on the property of the medical marijuana dispensary facility, product display and examination by the qualifying patient and/or primary caregiver, listings in business directories including phone books, listings in marijuana-related or medical publications, or the sponsorship of health or not for profit charity or advocacy events;

(h) Development of individual identification cards for owners, officers, managers, contractors, employees, and other support staff of entities licensed or certified pursuant to this section, including a fingerprint-based federal and state criminal record check in accordance with U.S. Public Law 92-544, or its successor provisions, as may be required by the department prior to issuing a card and procedures to ensure that cards for new applicants are issued within fourteen days. Applicants licensed pursuant to this section shall submit fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol, if necessary, shall forward the fingerprints to the Federal Bureau of Investigation (FBI) for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted pursuant to 43.543 and fees shall be paid pursuant to 43.530;

(i) Security requirements for any premises licensed or certified pursuant to this section, including, at a minimum, lighting, physical security, video, alarm requirements, and other minimum procedures for internal control as deemed necessary by the department to properly administer and enforce the provisions of this section, including reporting requirements for changes, alterations, or modifications to the premises;

(j) Regulation of the storage of, warehouses for, and transportation of marijuana for medical use;

(k) Sanitary requirements for, including, but not limited to, the preparation of medical marijuana-infused products;

(l) The specification of acceptable forms of picture identification that a medical marijuana dispensary facility may accept when verifying a sale;

(m) Labeling and packaging standards;

(n) Records to be kept by licensees and the required availability of the records;

(o) State licensing procedures, including procedures for renewals, reinstatements, initial licenses, and the payment of licensing fees utilizing traditionally recognized methods;

(p) The reporting and transmittal of tax payments utilizing traditionally recognized methods;

(q) Authorization for the department of revenue to have access to licensing information to ensure tax payment and the effective administration of this section; and

(r) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section and Article XIV.

(3) The department shall issue rules or emergency rules for a medical marijuana and medical marijuana-infused products independent testing and certification program for medical marijuana licensees and for requiring licensees to test medical marijuana using one or more impartial, independent laboratories to ensure, at a minimum, that products sold for human consumption do not contain contaminants that are injurious to health, to ensure correct labeling and measure potency. The department shall not require any medical marijuana or medical marijuana-infused products to be tested more than once prior to sale.

(4) The department shall issue rules or emergency rules to provide for the certification of and standards for medical marijuana testing facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The department shall certify, if possible, at least two entities as medical marijuana testing facilities. No medical marijuana testing facility shall be owned by an entity under [substantially] common control, ownership, or management, directly or indirectly, as a medical marijuana cultivation facility, medical marijuana-infused product manufacturing facility, [or] medical marijuana dispensary facility, or any other facility or certificate holder regulated under this Article XIV.

(5) The department shall maintain the confidentiality of all reports [or] and all other information obtained from [an applicant or licensee] any individual or entity pursuant to the administration and enforcement of this section containing any individualized patient or caregiver data, individual health information, traditionally protected proprietary business information[, or] and records [related to the licensee or its operation.] traditionally protected as privileged and/or confidential under state or federal law, [including] excluding [sales information, financial records, tax returns, credit reports,] cultivation and sales information regarding compliance with quantity and testing provisions, foreign ownership information, violations of health and safety requirements by licensees and certificate holders, testing results, and [security information and plans, or revealing any patient information, or] any other records that are not traditionally exempt from public inspection pursuant to state or federal law. Such reports or other information may be used only for a purpose authorized by this section. Any information released related to patients and caregivers, including applications for such, may be used only for a purpose authorized by [federal law and] this section, including verifying that a person who presented a patient identification card to a state or local law enforcement official is lawfully in possession of such card. This subsection shall be subject to general provisions of the Missouri Sunshine Law and any other applicable state freedom of information, protected health information, confidentiality and privacy laws, as amended from time to time. Information in applications for, obtained from or regarding a qualifying patient or primary caregiver shall be treated as protected health information and shall be subject to existing state protections. A qualifying patient, primary caregiver, or applicant for such, shall be entitled to compensation, including costs and reasonable attorneys' fees, for harm resulting from knowingly improper disclosure and/or acceptance of protected health information generated pursuant to this section.

(6) Within one hundred eighty days of December 6, 2018, the department shall make available to the public license application forms and application instructions for medical marijuana cultivation facilities, medical marijuana testing facilities, medical marijuana dispensary facilities, and medical marijuana-infused products manufacturing facilities.

(7) Within one hundred eighty days of December 6, 2018, the department shall make available to the public application forms and application instructions for qualifying patient, qualifying patient cultivation, and primary caregiver identification cards. Within two hundred ten days of December 6, 2018, the department shall begin accepting applications for such identification cards.

(8) An entity may apply to the department for and obtain one or more licenses to grow marijuana as a medical marijuana cultivation facility. Each facility in operation shall require a separate license, but multiple licenses may be utilized in a single facility. Each indoor facility utilizing artificial lighting [may] shall be limited by the department to thirty thousand square feet of flowering plant canopy space. Each outdoor facility utilizing natural lighting [may] shall be limited by the department to two thousand eight hundred flowering plants. Each greenhouse facility using a combination of natural and artificial lighting [may] shall be limited by the department [, at the election of the licensee,] to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a nonrefundable fee of ten thousand dollars per license application or renewal for all applicants filing an application within three years of December 6, 2018, and shall charge each applicant a nonrefundable fee of five thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of twenty-five thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three medical marijuana cultivation facility licenses shall be issued to any entity under [substantially] common control, ownership, or management, directly or indirectly.

(9) An entity may apply to the department for and obtain one or more licenses to operate a medical marijuana dispensary facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except

for good cause. The department shall charge each applicant a nonrefundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of December 6, 2018, and shall charge each applicant a nonrefundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than five medical marijuana dispensary facility licenses shall be issued to any entity under [substantially] common control, ownership, or management, directly or indirectly.

(10) An entity may apply to the department for and obtain one or more licenses to operate a medical marijuana-infused products manufacturing facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a nonrefundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of December 6, 2018, and shall charge each applicant a nonrefundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three medical marijuana-infused products manufacturing facility licenses shall be issued to any entity under [substantially] common control, ownership, or management, directly or indirectly.

(11) Any applicant for a license authorized by this section may prefile their application fee with the department beginning 30 days after December 6, 2018.

(12) [Except for good cause]To ensure qualifying patients and primary caregivers have access to an adequate supply of quality medical marijuana necessary for the health and wellbeing of patients, [a] each qualifying patient or his or her primary caregiver may obtain an identification card from the department to cultivate [up to six] marijuana, including nonflowering plants and at least twelve flowering marijuana plants for the [exclusive] use of [that] a qualifying patient. Marijuana cultivated by a cardholder under this subsection (12) may not be sold or taxed. The card shall be valid for [twelve] thirty-six months from its date of issuance and shall be renewable with the [annual] submittal of a new or updated physician's certification. The department shall charge [an annual] a fee for the card of one hundred dollars, with such rate to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency.

(13) The department may set a limit on the amount of marijuana that may be purchased by or on behalf of a single qualifying patient in a thirty-day period, provided that limit is not less than [four] six ounces of dried, [unprocessed] processed marijuana, or its equivalent. Any such limit shall not apply to a qualifying patient with written certification from two independent physicians that there are compelling reasons why the qualifying patient needs a greater amount than the limit established by the department.

(14) The department may set a limit on the amount of marijuana that may be possessed by or on behalf of each qualifying patient, provided that limit is not less than a [sixty-day] ninety-day supply of dried, [unprocessed] processed marijuana, or its equivalent. A primary caregiver may possess a separate legal limit for each qualifying patient under their care and a separate legal limit for themselves if they are a qualifying patient. Qualifying patients cultivating marijuana for medical use may possess up to a ninety-day supply, so long as the supply remains on property under their control. Any such limit shall not apply to a qualifying patient with written certification from two independent physicians that there are compelling reasons for additional amounts. Possession of between the legal limit and up to twice the legal limit shall subject the possessor to department sanctions, including an administrative penalty and loss of their patient identification

card for up to a year. Purposefully possessing amounts in excess of twice the legal limit shall be punishable by [imprisonment of up to one year and] a fine of up to [two] ten thousand dollars. 20-146

(15) The department [may] shall restrict the aggregate number of licenses granted for medical marijuana cultivation facilities, provided, however, the number may not be limited to fewer than one license per every one hundred thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact. A restriction established by the department pursuant to this subsection (15) shall remain in effect. Additional licenses required to meet the needs of patients shall be issued under section 2 of this Article XIV.

(16) The department may restrict the aggregate number of licenses granted for marijuana-infused products manufacturing facilities, provided, however, that the number may not be limited to fewer than one license per every seventy thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact. A restriction established by the department pursuant to this subsection (16) shall remain in effect. Additional licenses required to meet the needs of patients shall be issued under section 2 of this Article XIV.

(17) The department may restrict the aggregate number of licenses granted for medical marijuana dispensary facilities, provided, however, that the number may not be limited to fewer than twenty-four licenses in each United States congressional district in the state of Missouri pursuant to the map of each of the eight congressional districts as drawn and effective on December 6, 2018. Future changes to the boundaries of or the number of congressional districts shall have no impact. A restriction established by the department pursuant to this subsection (17) shall remain in effect. Additional licenses required to meet the needs of patients shall be issued under section 2 of this Article XIV.

(18) The department shall begin accepting license and certification applications for medical marijuana dispensary facilities, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than two hundred forty days after December 6, 2018. Applications for licenses and certifications under this section shall be approved or denied by the department no later than one hundred fifty days after their submission. If the department fails to carry out its nondiscretionary duty to approve or deny an application within one hundred fifty days of submission, an applicant may immediately seek a court order compelling the department to approve or deny the application.

(19) Qualifying patients under this section shall obtain and [annually] renew an identification card or cards from the department. Cards shall be valid for three years and may be renewed with a new physician's certification. The department shall charge a fee of [twenty-five dollars per year] seventy-five dollars per card with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor or its successor agency. Upon receiving an application for a qualifying patient identification card or qualifying patient cultivation identification card, the department shall, within thirty days, either issue the card or provide a written explanation for its denial. If the department fails to deny and fails to issue a card to an eligible qualifying patient within thirty days, then their physician certification shall serve as their qualifying patient identification card or qualifying patient cultivation identification card for up to one year from the date of physician certification. All initial applications for or renewals of a qualifying patient identification card or qualifying patient cultivation identification card shall be accompanied by a physician certification that is less than thirty days old.

(20) Primary caregivers under this section shall obtain [and annually renew] an identification card from the department. Cards shall be valid for three years. The department shall charge a fee of [twenty-five] seventy-five dollars [per year], with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its

successor agency. Upon receiving an application for a primary caregiver identification card, the department shall, within thirty days, either issue the card or provide a written explanation for its denial.

(21) All marijuana for medical use sold in Missouri shall be cultivated in a licensed medical marijuana cultivation facility located in Missouri, unless otherwise provided in this Article XIV.

(22) All marijuana-infused products for medical use sold in the state of Missouri shall be manufactured in a medical marijuana-infused products manufacturing facility, unless otherwise provided in this Article XIV.

(23) The denial of a license, license renewal, or identification card by the department shall be appealable to the administrative hearing commission, or its successor entity. Following the exhaustion of administrative review, denial of a license, license renewal, or identification card by the department shall be subject to judicial review as provided by law.

(24) No elected official, or other governmental employee outside of the department, unless ordered by a court, shall interfere directly or indirectly with the department's obligations and activities under this section.

(25) The department shall not have the authority to apply or enforce any rule or regulation that would impose an undue burden on any one or more entities or individuals regulated under this section, including applicants, licensees, [or] certificate holders,[any] and qualifying patients and their primary caregivers, or act to undermine the purposes of this section.

4. Taxation and Reporting.

(1) A tax is levied upon the retail sale of marijuana for medical use sold at medical marijuana dispensary facilities within the state. The tax shall be at a rate of four percent of the retail price. The tax shall be collected by each licensed medical marijuana dispensary facility and paid to the department of revenue. After retaining no more than five percent for its actual collection costs, amounts generated by the tax levied in this section shall be deposited by the department of revenue into the Missouri veterans' health and care fund. [Licensed entities] Entities or individuals making legal retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Missouri Veterans' Health and Care Fund", which shall consist of taxes and fees collected under this section. The state treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and monies earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The commissioner of administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the department, an amount necessary for the department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section;

(b) Next, the remainder of such funds shall be transferred to the Missouri veterans commission for health and care services for military veterans, including the following purposes: operations, maintenance and capital improvements of the Missouri veterans homes, the Missouri service officer's program, and other services for veterans approved by the commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness. The Missouri veterans commission shall contract with other public agencies for the delivery of services beyond its expertise[.]; and

(c) All monies from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana for medical use, a record shall be kept by the seller which identifies, by secure and encrypted patient number issued by the seller to the qualifying patient involved in the sale, all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the department and the department of revenue of this state upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from, and in addition to, any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana for medical use.

(6) The fees and taxes provided for in this Article XIV[*], Section 1 shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

(7) The unexpended balance existing in the fund shall be exempt from the provisions of section 33.080 relating to the transfer of unexpended balances to the general revenue fund.

5. Additional Patient, Physician, Caregiver and Provider Protections.

(1) Except as provided in this [section] Article XIV, the possession of marijuana in quantities less than the limits of this section, or established by the department, and transportation of marijuana from a medical marijuana dispensary facility to the qualifying patient's residence shall not subject the possessor to arrest, criminal or civil liability, or sanctions under Missouri law, provided that the possessor produces on demand, or in a reasonably timely manner, to the appropriate authority a valid qualifying patient identification card; a valid qualifying patient cultivation identification card; a valid physician certification while making application for an identification card; or a valid primary caregiver identification card. Production of the respective equivalent identification card or authorization issued by another state or political subdivision of another state shall also meet the requirements of this subdivision and shall allow for the purchase of marijuana for use by a non-resident patient from a medical marijuana dispensary facility as permitted by this Article XIV and in compliance with department regulations.

(2) No patient shall be denied access to or priority for an organ transplant because they hold a qualifying patient identification card or use marijuana for medical use.

(3) A physician, and his or her respective health facility or office, shall not be subject to criminal or civil liability or sanctions under Missouri law or discipline by the Missouri state board of registration for the healing arts, or its successor agency, for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or issuing a physician certification to a patient diagnosed with a qualifying medical condition in a manner consistent with this section and legal standards of professional conduct.

(4) A health care provider, and his or her respective health facility or office, shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or providing health care services that involve the medical use of marijuana consistent with this section and legal standards of professional conduct.

(5) A medical marijuana testing facility shall not be subject to [civil or] criminal prosecution under Missouri law, denial of any right or privilege, [civil or administrative penalty or] sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to the medical use of marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(6) A health care provider shall not be subject to mandatory reporting requirements for the medical use of marijuana by nonemancipated qualifying patients under eighteen years of age in a manner consistent with this section and with consent of a parent or guardian.

(7) A primary caregiver shall not be subject to criminal or civil liability or sanctions under Missouri law for purchasing, transporting, or administering marijuana for medical use to a qualifying patient or participating in the patient cultivation of [up to six] at least twelve flowering marijuana plants per patient in a manner consistent with this section and generally established legal standards of personal or professional conduct. 20-146

(8) An attorney, and his or her firm, shall not be subject to legal liability, or disciplinary action by the state bar association or other professional licensing body for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to prospective or licensed medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana dispensary facilities, medical marijuana-infused products manufacturing facilities, qualifying patients, primary caregivers, physicians, health care providers or others related to activity that is no longer subject to civil or criminal penalties under state law pursuant to this section.

(9) Actions and conduct by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities licensed or registered with the department, or their employees or agents, as permitted by this section and in compliance with department regulations and other standards of legal conduct, shall not be subject to criminal [or civil] liability or sanctions under Missouri law, except as provided for by this section. To ensure protection of public health and safety, a consumer, qualifying patient, primary caregiver, certificate holder, applicant or licensee harmed as a result of a violation of the provisions of this section shall be entitled to compensation and reasonable costs, including costs and reasonable attorneys' fees, and as authorized under existing consumer protection laws as of December 6, 2018.

(10) Nothing in this section shall provide immunity for negligence, either common law or statutorily created, nor criminal immunities for operating a vehicle, aircraft, dangerous device, or navigating a boat under the influence of marijuana.

(11) It is the public policy of the state of Missouri that contracts related to marijuana for medical use that are entered into by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities and those who allow property to be used by those entities, should be enforceable. It is the public policy of the state of Missouri that no contract entered into by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to medical marijuana may be prohibited by federal law.

6. Legislation.

Nothing in this section shall limit the general assembly from enacting laws consistent with this section, or otherwise effectuating the patient rights of this section. The legislature shall not enact laws that hinder the right of qualifying patients and primary caregivers to easily and reasonably access marijuana for medical use as granted by this section.

7. Additional Provisions.

(1) Nothing in this section permits a person to:

(a) Consume marijuana for medical use in a jail or correctional facility;

(b) Undertake any task under the influence of marijuana when doing so would constitute negligence or professional malpractice; [or]

(c) Operate, navigate, or be in actual physical control of any dangerous device or motor vehicle, aircraft or motorboat while under the influence of marijuana; or

(d) Bring a claim against any employer, former employer, or prospective employer for wrongful discharge, discrimination, or any similar cause of action or remedy, based on the employer, former employer, or prospective employer prohibiting the employee, former employee, or prospective employee from being under the direct and immediate influence of marijuana [while at work] at the workplace or disciplining the employee or former employee, up to and including

termination from employment, for working or attempting to work while under the direct and immediate influence of marijuana.

(2) No medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility, or entity with a transportation certification shall be owned, in whole or in part, or have as an officer, director, board member, manager, or employee, any individual with a disqualifying felony offense. A "disqualifying felony offense" is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the department determines that:

(a) The person's conviction was for the medical use of marijuana or assisting in the medical use of marijuana; [or]

(b) The person's conviction was for a nonviolent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses unrelated to nonviolent marijuana crimes.

The department may consult with and rely on the records, advice and recommendations of the attorney general and the department of public safety, or their successor entities, in applying this subdivision.

(3) All entities, including but not limited to, entities holding medical marijuana cultivation facility, medical marijuana dispensary facility, and medical marijuana-infused products manufacturing facility licenses, entities with medical marijuana testing facility certifications, and entities with transportation certifications shall be held by entities that are majority owned by natural persons who have been citizens of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, entities outside the state of Missouri may own a minority stake in such entities.

(4) No medical marijuana cultivation facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility shall manufacture, package or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between a marijuana or marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional department sanction, up to and including loss of license.

(5) All edible marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with dosage amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled as mandated by the department [, in a font size at least as large as the largest other font size used on the package,] as containing "Marijuana", or a "Marijuana-Infused Product". Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty.

(6) No individual shall serve as the primary caregiver for more than [three] six qualifying patients.

(7) No qualifying patient shall consume marijuana for medical use in a public place, unless provided by law. Violation of this prohibition shall subject the violator to sanctions as provided by general law for public consumption.

(8) No person shall extract resins from marijuana using dangerous materials or combustible gases without a medical marijuana-infused products manufacturing facility license. Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty and, if applicable, loss of their identification card, certificate, or license for up to one year.

(9) All qualifying patient cultivation shall take place in an enclosed, locked facility that is equipped with security devices that permit access only by the qualifying patient or by such patient's primary caregiver. [Two] Six qualifying patients, who [both] all hold valid qualifying patient cultivation identification cards, may share one enclosed, locked facility, whether utilizing a primary caregiver or not. [No more than twelve qualifying patient or primary caregiver

cultivated flowering marijuana plants may be cultivated in a single, enclosed locked facility, except when a primary caregiver also holds a qualifying patient cultivation identification card, in which case no more than eighteen flowering marijuana plants may be cultivated in a single, enclosed, locked facility.] 20-146

(10) No medical marijuana cultivation facility, medical marijuana dispensary facility, medical marijuana-infused products manufacturing facility, medical marijuana testing facility, or entity with a transportation certification shall assign, sell, give, lease, sublicense, or otherwise transfer its license or certificate to any other entity without the express consent of the department, not to be unreasonably withheld.

(11) Unless allowed by the local government, no new medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility shall be initially sited within one thousand feet of any then-existing preschool, elementary or secondary school, child daycare center, or church. No local government shall prohibit medical marijuana cultivation facilities, medical marijuana testing facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities, or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana-infused products manufacturing facility, medical marijuana dispensary facility, or entity holding a transportation certification that may operate in such locality. The only local government or association ordinances or regulations that are binding on a marijuana facility or any other regulated entity or individual are those of the local government where the marijuana facility is located.

(12) Unless superseded by federal law or an amendment to this Constitution, a physician shall not certify a qualifying condition for a patient by any means other than providing a physician certification for the patient, whether handwritten, electronic, or in another commonly used format. [A qualifying patient must obtain a new physician certification at least annually.]

(13) A physician shall not issue a certification for the medical use of marijuana for a nonemancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. The department shall not issue a qualifying patient identification card on behalf of a nonemancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. Such card shall be issued to one of the parents or guardians and not directly to the patient. Only a parent or guardian may serve as a primary caregiver for a nonemancipated qualifying patient under the age of eighteen. Only the qualifying patient's parent or guardian shall purchase or possess medical marijuana for a nonemancipated qualifying patient under the age of eighteen. A parent or guardian shall supervise the administration of medical marijuana to a nonemancipated qualifying patient under the age of eighteen.

(14) Nothing in this section shall be construed as mandating health insurance coverage of medical marijuana for qualifying patient use, unless otherwise required by law.

(15) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for medical use or for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.

8. Severability.

The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.

9. Effective Date.

The provisions of this section shall become effective on December 6, 2018.

(Adopted November 6, 2018) (Amended November 6, 2020)

[*Ballot language of Constitutional Amendment 2 adopted November 6, 2018, placed this section in a new Article XIV but was renumbered as a new Article XIV, Section 1.]

Section 2. Marijuana Legalization, Regulation, and Taxation -1. Purposes.

The purposes of this section 1 are to make marijuana legal under state and local laws for adults twenty-one years of age or older, and to safely control the commercial production and distribution of marijuana under a system that reasonably licenses, reasonably regulates, and reasonably taxes the businesses and consumers involved. These purposes include protecting public safety, health and welfare in a fair way and safe environment, while promoting the Missouri cannabis industry. The people of this state have the right to the enjoyment of the gains of their own cannabis industry, including the fair and equal opportunity to participate in that industry by means that are not overly burdensome, discriminating or unfair. This section and its purposes shall be governed and protected as proscribed and mandated by the people of this great state, the "Show Me" state.

The intent of the purposes of this section is to provide revenue from the Missouri cannabis industry for education and general welfare programs for the people; prevent arrest and penalty for personal possession and cultivation of marijuana by adults twenty-one years of age or older; protect the rights of the voters of this state in support of a successful Missouri cannabis industry; minimize tax burdens of the people of this state by maintaining reasonable tax rates on cannabis that are lower than those of similar industries and reducing administrative, judicial and congressional expenses of illegal cannabis markets, including reduction of overcrowding of prisons and incarceration rates resulting from non-violent offenses related to cannabis; promoting the Missouri cannabis industry to foster economic prosperity for its people; enhance the quality of life, rights and benefits afforded to the honorable veterans of this state; allow for a marijuana microbusiness facility license to be held by any natural person that has been a resident of this state for at least one year and is otherwise qualified to directly control, safely operate and majority own a cannabis business in this state; remove the commercial production and distribution of marijuana from the illicit market for protection and safety of the people; prevent revenue generated from commerce in marijuana from going to criminal enterprises; prevent the distribution of marijuana to persons under twenty-one years of age; protect health by ensuring the safety of marijuana and products containing marijuana; and ensure the security of marijuana facilities. To the fullest extent possible, this section shall be interpreted in accordance with the purposes and intent set forth in this section and this Constitution.

This section is not intended to allow for the public use of marijuana, driving while intoxicated by marijuana, the use of marijuana in the workplace, or the use of marijuana by persons under twenty-one years of age.

2. Definitions.

(1) "Consumer" means a person who is at least twenty-one years of age.

(2) "Department" means the department of health and senior services, or its successor agency.

(3) "Entity" means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) "Flowering plant" means a marijuana plant from the time it exhibits the final signs of sexual maturity through harvest.

(5) "Local government" means, in the case of an incorporated area, a village, town, or city and, in the case of an unincorporated area, a county.

(6) "Marijuana" means *Cannabis indica, Cannabis sativa, and Cannabis ruderalis*, hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana or cannabis, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" or "marihuana" do not include industrial hemp, including any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than three-tenths of one percent on a dry weight basis, or commodities or products manufactured with industrial hemp, or any other

ingredient combined with marijuana to prepare topical or oral administrations, food, drink, or other products.

(7) "Marijuana accessories" means any equipment, product, material, or combination of equipment, products, or materials, which are specifically designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, containing, ingesting, inhaling, or otherwise introducing marijuana into the human body.

(8) "Marijuana Cultivation Facility" means an entity licensed by the department to acquire, cultivate, process, store, transport, and sell marijuana to a marijuana dispensary facility, marijuana testing facility, or to a marijuana-infused products manufacturing facility, and to any other facility regulated under this Article XIV.

(9) "Marijuana Dispensary Facility" means an entity licensed by the department to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and marijuana accessories as provided for in this section to consumers, and any other facility, qualifying patient, primary caregiver, or any other legal purchaser regulated under this Article XIV.

(10) "Marijuana Facility" means a marijuana cultivation facility, marijuana dispensary facility, marijuana testing facility, marijuana-infused products manufacturing facility, marijuana microbusiness facility, or any other type of marijuana-related facility or business licensed or certified by the department pursuant to this section.

(11) "Marijuana-Infused Products" means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(12) "Marijuana-Infused Products Manufacturing Facility" means an entity licensed by the department to acquire, store, manufacture, transport, and sell marijuana-infused products to a marijuana dispensary facility, a marijuana testing facility, or to another marijuana-infused products manufacturing facility, and to any other facility licensed or regulated under this Article XIV.

(13) "Marijuana Microbusiness Facility" means an entity, majority owned and directly controlled by one or more Missouri residents that have lived in the state for at least one year prior to the date of application, licensed and/or certified to cultivate not more than one hundred and fifty flowering plants or one-thousand five hundred square feet of flowering canopy space, process, store, transport, sell and package the marijuana and marijuana-infused products it cultivates and processes as stated in this Article XIV; and licensed and/or certified to acquire, store, process, manufacture, transport, deliver, sell, or otherwise transfer marijuana and marijuana-infused products it possesses or obtains from any other marijuana facility, to consumers, any other facility, qualifying patient, primary caregiver, or any other entity or individual licensed under this Article XIV.

(14) "Marijuana Testing Facility" means an entity certified by the department to acquire, test, certify, and transport marijuana.

(15) "Owner" means an officer, board member, or other individual who has a financial (other than a security interest, lien, or encumbrance) or voting interest in ten percent or greater of a marijuana facility.

(16) "Unduly burdensome" means that the measures necessary to comply with the rules or ordinances adopted pursuant to this section subject licensees or potential licensees to such a high investment of money, time, or any other resource or asset that a reasonably prudent businessperson would not operate the marijuana facility.

3. Limitations.

(1) Except as otherwise provided in this Article XIV, this section does not preclude, limit, or affect laws that assign liability relative to, prohibit, or otherwise regulate:

(a) Delivery or distribution of marijuana or marijuana accessories, with or without consideration, to a person younger than twenty-one years of age;

(b) Purchase, possession, use, or transport of marijuana or marijuana accessories by a person younger than twenty-one years of age;

(c) Consumption of marijuana by a person younger than twenty-one years of age;
(d) Operating or being in physical control of any motor vehicle, train, aircraft, motorboat, or other motorized form of transport while intoxicated by marijuana;
(e) Consumption of marijuana while operating or being in physical control of a motor vehicle, train, aircraft, motorboat, or other motorized form of transport while it is being operated;
(f) Smoking marijuana within a motor vehicle, train, aircraft, motorboat, or other motorized form of transport while it is being operated;
(g) Possession or consumption of marijuana or possession of marijuana accessories on the grounds of a public or private preschool, elementary or secondary school, institution of higher education, in a school bus, or on the grounds of any correctional facility;
(h) Smoking marijuana in a location where smoking tobacco is prohibited;
(i) Consumption of marijuana in a public place, other than in an area licensed by the department for consumption;
(j) Conduct that endangers others, including actions prohibited under consumer protection laws of this state in existence as of December 3, 2020;
(k) Undertaking any task while under the influence of marijuana, if doing so would constitute negligence or professional malpractice, unless protected under existing law, this section and Article XIV; or
(l) Performing solvent-based extractions on marijuana using solvents other than water, glycerin, propylene glycol, vegetable oil, or food-grade ethanol, unless licensed for this activity by the department.
(2) This section does not limit any privileges, rights, immunities, or defenses of a person or entity as provided in section 1 of this Article XIV, or any other law of this state allowing for or regulating marijuana for medical use.
(3) This section does not require an employer to permit or accommodate conduct otherwise allowed by this section in any workplace or on the employer's property. This section does not prohibit an employer from disciplining an employee for violation of a workplace drug policy or for working while intoxicated by marijuana. This section does not prevent an employer from refusing to hire, discharging, disciplining, or otherwise taking an adverse employment action against a person with respect to hire, tenure, terms, conditions, or privileges of employment because of that person's violation of a workplace drug policy or because that person was working while intoxicated by marijuana.
(4) This section allows a person to prohibit or otherwise regulate the consumption, cultivation, distribution, processing, sale, or display of marijuana, marijuana-infused products, and marijuana accessories on private property the person owns, leases, occupies, or manages, except that a lease agreement executed after the enactment of this section may not prohibit a tenant from lawfully possessing and consuming marijuana by means other than smoking.
4. Regulation of Marijuana.
(1) In carrying out the implementation of this section, the department shall have the authority to:
(a) Grant or refuse state licenses for the cultivation, manufacture, dispensing, and sale of marijuana as provided by law; suspend, fine, restrict, or revoke such licenses upon a violation of this section or a rule promulgated pursuant to this section; and impose any reasonable administrative penalty authorized by this section or any rule promulgated pursuant to this section and its purposes;
(b) Promulgate rules or emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana and for the enforcement of this section, so long as such rules are reasonable and not unduly burdensome;
(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section;
(d) Require a seed-to-sale tracking system that tracks marijuana from either the seed or immature plant stage until the marijuana or marijuana-infused product is sold to a consumer

to ensure that no marijuana grown by a marijuana cultivation facility or marijuana microbusiness facility or manufactured by a marijuana-infused products manufacturing facility or marijuana microbusiness facility is sold or otherwise transferred to a consumer except by a marijuana dispensary facility, a marijuana microbusiness facility, or any other facility legally able to sell marijuana or medical marijuana under this Article XIV. The department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees;

(e) Issue standards for the secure transportation of marijuana and marijuana-infused products and medical marijuana and medical marijuana infused-products, including standards for any facility or certificate holder transporting to and from facilities regulated under this Article XIV to any other facility, qualifying patient, primary caregiver, or any other legal purchaser regulated under this Article XIV. The department shall certify entities that demonstrate compliance with its transportation standards to transport marijuana and marijuana-infused products to a marijuana cultivation facility, marijuana-infused products manufacturing facility, marijuana dispensary facility, marijuana microbusiness facility, marijuana testing facility, or any other entity regulated under this Article XIV. The department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity regulated, licensed or certified pursuant to this Article XIV shall be allowed to transport its own inventory and products in compliance with department transportation rules;

(f) Promulgate rules and emergency rules for licensing, regulation and oversight of marijuana microbusiness facilities in accordance with the purposes of this section, including the requirement that an entity holding a marijuana microbusiness facility license be majority owned and directly controlled by one or more Missouri residents that have been living in this state for at least one year prior to application, and for any other requirements, obligations or rights of marijuana microbusinesses established pursuant to this section and Article XIV;

(g) Provide for the issuance of additional types or classes of licenses, with preference of licensure given to entities majority owned and directly controlled by Missouri residents that have been living in the state for at least one year prior to the date of application, including but not limited to, licenses to operate marijuana-related businesses that allow for limited processing, transportation, delivery and storage of marijuana, licenses for the consumption of marijuana within designated, age-restricted areas, licenses to applicants denied a license under section 1 of this Article XIV if doing so would further the purposes of this Article XIV, and licenses intended to facilitate scientific research, education and promotion of the cannabis industry in accordance with the purposes of this section;

(h) Prepare and transmit annually a publicly available report accounting to the governor, the general assembly, and the public for the efficient discharge of all responsibilities assigned to the department under this section;

(i) Establish a system to qualify marijuana license and certificate applicants, only if absolutely necessary to promote the purposes of this Article XIV, including qualifications for the following:

(i) The character, veracity, residency, and background of principal officers or managers;

(ii) The operating plan proposed by the applicant, including the ability to maintain public health and safety, accountability, procedures to prevent illegal product diversion and/or inversion, illegal sales, and other factors the department deems absolutely necessary to promote the purposes of this section; and

(iii) In the case of marijuana testing facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and potency and health care industry experience.

(j) In reviewing applicants and awarding licenses and certificates, the department may consult or contract with other public agencies with relevant expertise regarding these factors.

(2) The department shall issue a marijuana facility license to each applicant that submits an operating plan and proof of compliance with rules and emergency rules promulgated in accordance with this section. The department shall review applications from any person or

entity previously denied a license under this Article XIV prior to reviewing applications from other applicants.

(3) The department shall promulgate rules and emergency rules establishing a system in which any qualified entity majority owned and directly controlled by one or more Missouri residents living in the state for at least one year prior to the date of application, be granted a marijuana microbusiness license in accordance with the purposes of this section and requirements established herein.

(4) The department shall issue rules or emergency rules necessary for the implementation and enforcement of this section and ensure the right to, availability, and safe use of marijuana by consumers in accordance with the purposes of this section. In developing such rules or emergency rules, the department may consult or contract with other public agencies. The department may, but is not required to, consider the following subjects when promulgating rules or emergency rules only when necessary for implementation of this section and if in furtherance of the purposes of this section:

(a) Procedures for issuing a license and for renewing, suspending, and revoking a license;

(b) Qualifications for licensure that are directly and demonstrably related to the operation of a marijuana facility;

(c) Requirements and standards for safe cultivation, processing, and distribution of marijuana and marijuana-infused products by marijuana facilities, including health standards to ensure the safe preparation of marijuana-infused products and prohibitions on pesticides that are not safe for use on marijuana;

(d) Testing, packaging, and labeling standards, procedures, and requirements for marijuana and marijuana-infused products and a requirement that a representative sample of marijuana be tested by a marijuana testing facility to ensure public health;

(e) Labeling standards that protect public health by requiring the listing of pharmacologically active ingredients, including, but not limited to, tetrahydrocannabinol (THC), cannabidiol (CBD), and other cannabinoid content, the THC and other cannabinoid amount in milligrams per serving, the number of servings per package, and quantity limits per sale to comply with the allowable possession amount;

(f) Requirements that packaging and labels shall not be made to be attractive to children, required warning labels, and that marijuana and marijuana-infused products be sold in resealable, child-resistant packaging to protect public health;

(g) Security requirements, including lighting, physical security, and alarm requirements, and requirements for securely transporting marijuana between marijuana facilities;

(h) Record keeping requirements for marijuana facilities and monitoring requirements to track the transfer of marijuana by licensees;

(i) Restrictions on advertising, marketing, and display of marijuana, marijuana-infused products, marijuana accessories, and marijuana facilities;

(j) A plan to promote and encourage ownership and employment in the marijuana industry by people from political subdivisions and districts that are economically distressed and to positively impact those political subdivisions and districts;

(k) Administrative penalties for failure to comply with any rule promulgated pursuant to this section or for any violation of rules and regulations adopted pursuant to this section by a licensee, including administrative fines and suspension, revocation, or restriction of a license. The licensee may choose to challenge any penalties imposed by the department through the Administrative Hearing Commission, or its successor entity. Pursuant to § 536.100 R.S.Mo., or successor provisions, any licensee who has exhausted all administrative remedies provided by law and who is aggrieved by a final decision in a contested case is entitled to judicial review;

(l) Reporting and transmittal of tax payments required under this section;

(m) Authorization for the department of revenue to have access to licensing information to ensure tax payment and the effective administration of this section; and

(n) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(5) The department shall issue rules or emergency rules for marijuana and marijuana-infused products independent testing and certification programs for marijuana facility licensees and require licensees to test marijuana using one or more impartial, independent laboratory or laboratories to ensure, at a minimum, correct labeling, potency measurement, and that products sold for human consumption do not contain contaminants that are potentially injurious to public health.

(6) The department shall issue rules or emergency rules to provide for the certification of and standards for marijuana testing facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The department shall certify, if possible, at least two entities as marijuana testing facilities. No marijuana testing facility shall be owned by an entity under common control, ownership, or management, directly or indirectly, as a marijuana cultivation facility, marijuana-infused products manufacturing facility, marijuana microbusiness facility, marijuana facility or other facility, individual or entity licensed or certified pursuant to this section.

(7) All public records produced or retained pursuant to this section are subject to the general provisions of the Missouri Sunshine Law, as amended from time to time. Notwithstanding the foregoing, public records containing proprietary business information obtained from an applicant or licensee are subject to closure. The applicant or licensee shall label business information it believes to be proprietary prior to submitting it to the department. Proprietary business information shall include sales information, financial records, tax returns, credit reports, cultivation information unrelated to product safety, testing results unrelated to product safety, site security information and plans, and individualized consumer information. The presence of proprietary business information shall not justify the closure of public records:

(a) Identifying the applicant or licensee;

(b) Relating to any citation, notice of violation, tax delinquency, or other enforcement action;

(c) Relating to any public official's support or opposition relative to any applicant, licensee, or their proposed or actual operations;

(d) Where disclosure is reasonably necessary for the protection of public health or safety; or

(e) That are otherwise subject to public inspection under applicable law.

(8) Within two hundred and seventy days of December 3, 2020, the department shall make available to the public license application forms and application instructions, which are not unduly burdensome, for marijuana cultivation facilities, marijuana testing facilities, marijuana dispensary facilities, marijuana microbusiness facilities, marijuana-infused products manufacturing facilities, and any other license types and certifications it deems necessary to promote the purposes of this section. The department shall consider the financial impact on applicants previously denied licensure under this Article XIV, costs of reevaluating a similar application submitted by the same entity under this Article XIV and the non-refundable fees paid by applicants denied a license under this Article XIV when establishing rules and emergency rules for licensure requirements, fees, application procedures and instructions for licensure under this section.

(9) An entity, including its associated or affiliated entities, directly or indirectly, may apply to the department for only one and obtain only one license to grow cannabis as a cannabis cultivation facility. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. During the first three-year licensing period, the facility shall be limited by the department to one thousand flowering plants or ten thousand square feet of flowering canopy. In subsequent years, the facility shall be limited by the department to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The department shall charge each applicant a non-refundable application fee of three thousand dollars and a non-refundable license renewal fee of three thousand dollars. Annual fees shall be assessed at the rate of one dollar per square foot or at a rate of ten dollars per plant. Application, annual, and license renewal fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the

Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency.

(10) An entity, including its associated or affiliated entities, directly or indirectly, may apply to the department for only three and obtain only three licenses to operate a marijuana dispensary facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal for each applicant filing an application within three years of December 3, 2020, and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of three thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than three marijuana dispensary facility licenses.

(11) An entity, including its associated or affiliated entities, directly or indirectly, may apply to the department for only three and obtain only three licenses to operate a marijuana-infused products manufacturing facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal for each applicant filing an application within three years of December 3, 2020, and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of three thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than three marijuana-infused products manufacturing facility licenses.

(12) An entity, including its associated or affiliated entities, directly or indirectly, may apply to the department for only one and obtain only one license to operate a marijuana microbusiness facility. A marijuana microbusiness facility license shall allow the licensee to be vertically integrated, including but not limited to, cultivating, processing, storing, manufacturing, transferring, transporting and dispensing marijuana, medical marijuana, and the products made therefrom. A marijuana microbusiness facility may be integrated using any methods allowed under this section. A marijuana microbusiness facility licensee may engage in all of the activities allowed under the license or it may apply for and engage in a subset of the activities allowed, if the applicant or license holder so chooses. A marijuana microbusiness facility licensee may sell marijuana it cultivates, processes, manufactures, and packages to any marijuana dispensary facility, any other marijuana microbusiness facility, directly to consumers, or to any other facility or individual able to purchase under this Article XIV. A marijuana microbusiness facility may also process, manufacture, store, acquire, sell, transfer or otherwise distribute, marijuana and marijuana-infused products it obtains from another marijuana microbusiness facility or any other facility or individual licensed or certified under this Article XIV so long as such facility is in compliance with other requirements of this section and this Article XIV. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of one thousand five hundred dollars per license application or renewal for each applicant filing an application within three years of December 3, 2020 and shall charge each applicant a non-refundable fee of one thousand five hundred dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of one thousand five hundred dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the

previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than one marijuana microbusiness facility license. An owner of a marijuana microbusiness facility may not also be an owner of another licensed marijuana facility or medical marijuana facility regulated under this Article XIV. However, the owner of a marijuana microbusiness facility may apply for a license or licenses for other marijuana or medical marijuana facilities under this Article XIV. If granted one or more of these licenses, the marijuana microbusiness facility owner may transition to other licensed operations on a reasonably practical timetable established by the department.

(13) Any entity holding a marijuana microbusiness facility license must be at least seventy-five percent owned and directly controlled by one or more natural persons that have been living in the state of Missouri for at least one year prior to the date of application. Marijuana microbusiness facilities may, but shall not be required to obtain a certification issued by the department or any entity or organization designated by the department attesting to the qualifications of the entity, compliance with department and industry safety, health, ethical and traditionally recognized standards of the cannabis industry, and/or the quality of its marijuana and/or marijuana-infused products.

(14) The department shall begin accepting license and certification applications for marijuana dispensary facilities, marijuana testing facilities, marijuana cultivation facilities, marijuana-infused products manufacturing facilities, marijuana microbusiness facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than two hundred and seventy days after December 3, 2020. Applications for licenses under this section shall be approved or denied by the department no later than ninety days after their submission. If the department fails to carry out its non-discretionary duty to approve or deny an application within ninety days of submission, an applicant may immediately seek a court order compelling the department to approve or deny the application.

(15) The department shall issue marijuana facility licenses in a manner providing special and additional consideration to applicants denied a commercial license under section 1 of this Article XIV. Licensees under section 1 of this Article XIV may apply for and obtain only one of the same or similar license type under this section. An applicant, including affiliated entities, not awarded any licensure under section 1 shall receive a credit from the department in the amount of any paid non-refundable fees required under section 1, and that credit shall only be applied to the initial application submission process in this section. This paragraph (15) shall expire five hundred and fifty days after December 3, 2020.

(16) The department shall ensure rules and emergency rules promulgated under this section incorporate existing environmental and waste disposal laws. The department shall issue guidance to assist marijuana facilities, marijuana related businesses and ancillary industries with compliance of all rules and emergency rules promulgated under this section. The department may promulgate rules and emergency rules establishing a special waste permitting or certification program, if necessary, to ensure public health and safety.

(17) A prospective applicant for a license pursuant to subdivision (15) may notify the department of their intent to apply and prefile their application fee with the department by February 1, 2021.

(18) Notwithstanding the provisions of section 1 of this Article XIV, if an existing medical marijuana dispensary facility is located in a jurisdiction that prohibits marijuana dispensary facilities under this section, or is otherwise prevented from operating a marijuana dispensary facility at the same location as the existing medical marijuana dispensary facility, the medical marijuana dispensary facility applicant may apply to the department for a marijuana dispensary license pursuant to subdivision (15) of this paragraph in a new location, and such application shall be granted so long as the applicant meets all the requirements of this section and department regulation. If an existing medical marijuana dispensary facility is located in a jurisdiction that temporarily prohibits non-medical retail marijuana facilities prior to November 3, 2020, and the medical marijuana dispensary facility does not apply to open a

marijuana dispensary facility in a new location, the medical marijuana dispensary facility may apply to the department for a marijuana dispensary facility license after November 3, 2020, and if the temporary prohibition is not permanently enacted, such application shall be granted, so long as the applicant meets all the requirements of this section and department regulation.

(19) Notwithstanding the provisions of section 1 of this Article XIV, three years after receiving a marijuana dispensary facility license pursuant to subdivision (15), a marijuana dispensary facility may apply to the department for permission to relocate the marijuana dispensary facility to a new location.

(20) The department shall issue licenses for marijuana microbusiness facilities to all qualified and certified applicants. Certifications will only be required if determined necessary by the department. If a certification process is determined necessary, it must be promulgated in accordance with the purposes of this section.

(21) The department shall not issue or deny any license if doing so is not in furtherance of the purposes of this Article XIV and Article II of this Constitution.

(22) The department may promulgate rules allowing for the sale, distribution, transport and transfer of marijuana and marijuana-infused products by facilities licensed under this section to facilities licensed under section 1 of this Article XIV, if doing so promotes the purposes of this Article XIV. The department shall promulgate rules ensuring qualifying patients and qualifying primary caregivers licensed, certified, or otherwise allowed to purchase medical marijuana under section 1 have access to purchase marijuana from facilities licensed under this section. Rules promulgated under this subsection (22) must ensure marijuana transferred pursuant to this section meets the same safety, health and quality standards as required for marijuana cultivated, processed, and sold to qualifying patients and primary caregivers pursuant to section 1 of this Article XIV.

(23) The department may not promulgate a rule prohibiting a marijuana facility from operating at the same location as a medical marijuana facility of the same license type operating pursuant to section 1 of this Article XIV.

(24) Marijuana facilities licensed to distribute marijuana, marijuana-infused products, and marijuana accessories directly to consumers pursuant to this section may also distribute marijuana, marijuana-infused products, and marijuana accessories to qualifying patients and primary caregivers licensed or otherwise allowed to purchase medical marijuana under section 1 of this Article XIV.

(25) The department, or a designated association or entity, may charge a fee not to exceed one hundred dollars for all certifications deemed necessary and/or required for marijuana microbusiness facilities. The department may not charge more than five thousand dollars for any other certification issued pursuant to this section.

(26) Until such time that federal law permits otherwise, all marijuana sold in Missouri pursuant to this Article XIV shall be cultivated in Missouri. If allowed by federal law, marijuana may be exported from Missouri in accordance with department regulations. If allowed by federal law, the department may promulgate rules related to the import and export of marijuana and shall promulgate a rule requiring that all marijuana flower imported into Missouri be tested by a certified marijuana testing facility or certified medical marijuana testing facility located in Missouri and comply with Missouri testing standards.

(27) Until such time that federal law permits otherwise, all marijuana-infused products sold in Missouri pursuant to this Article XIV shall be manufactured in Missouri. If allowed by federal law, marijuana-infused products may be exported from Missouri in accordance with department regulations. If allowed by federal law, the department may promulgate rules related to the import and export of marijuana-infused products in accordance with the purposes of this section.

(28) The denial of a license or license renewal by the department shall be appealable. The applicant may choose to challenge any denial by the department through the Administrative Hearing Commission, or successor entity. Pursuant to § 536.100 R.S.Mo., or successor

provisions, any licensee who has exhausted all administrative remedies provided by law and who is aggrieved by a final decision in a contested case is entitled to judicial review.

(29) No elected official shall interfere directly or indirectly with the department's obligations and activities under this section.

(30) To minimize the potential for undue political influence in awarding licenses, the department shall review license applications using reasonable safeguards that ensure the identity of the applicant and its principal owners, officers and managers are not identified to the application reviewers.

(31) Unless otherwise provided in this section, the department shall have sole authority in this state to issue licenses, certifications, registrations or requirements for marijuana facilities, consumers, and marijuana testing facilities.

(32) The department shall not have the authority to promulgate, apply, or enforce any rule or regulation that is unduly burdensome or act to undermine the purposes of this section.

5. Local Control.

(1) Except as provided in this subsection, a local government may prohibit the operation of all non-medical retail marijuana facilities regulated under this section from being located within its jurisdiction through voter approval of a ballot question submitted to the qualified voters of the local government, provided that any ballot measure shall be voted on only during the regularly scheduled general election held on the first Tuesday after the first Monday in November of an even-numbered year starting in 2022, thereby avoiding any additional local governmental cost or expense. Until the first general election following the general election held November 3, 2020, a local government may, through local ordinance, temporarily prohibit non-medical retail marijuana facilities regulated under this section from being located within its jurisdiction. When a ballot question prohibiting non-medical retail marijuana facilities regulated under this section is submitted to voters, the following question shall be presented to the voters in the area subject to the prohibition, "Shall (insert name of local government) ban all non-medical retail marijuana facilities from being located within (insert name of local government and, where applicable, its "unincorporated areas") and forego any additional related local tax revenue? ( ) Yes () No." If a majority of the votes cast on the question by the qualified voters voting thereon are in favor of the question, then the ban shall go into effect as provided by law. If a question receives less than the required majority, then the jurisdiction shall have no power to ban new non-medical retail marijuana facilities regulated under this section, unless voters at a subsequent election on the first Tuesday after the first Monday in November of an even-numbered year approve a ban on new non-medical retail marijuana facilities submitted to them by the governing body. A local government may repeal an existing ban by its own ordinance or by a vote of the people, either through referral of a ballot question to the voters by the governing body or through citizen petition. In the case of a referral of a ballot question by the governing body or citizen petition to repeal an existing ban, the question shall be voted on only during the regularly scheduled general election held on the first Tuesday after the first Monday in November of an even-numbered year. A citizen petition to repeal an existing ban shall be signed by at least five percent of the qualified voters in the area subject to the ban, determined on the basis of the number of votes cast for governor in such locale at the last gubernatorial election held prior to the filing of the petition. The local government shall count the petition signatures and give legal notice of the election as provided by applicable law. Denial of ballot access shall be subject to judicial review. Whether submitted by the governing body or by citizen petition, the question shall be submitted in the following form: "Shall (insert name of local government) allow non-medical retail marijuana facilities to be located within (insert name of local government and where applicable, its "unincorporated areas") as regulated by state law? ( ) Yes ( ) No." If a majority of the votes cast on the question by the qualified voters voting thereon are in favor of the question, then the ban shall be repealed.

(2) Unless allowed by the local government, no new marijuana facility shall be initially sited within one thousand feet of any then-existing elementary, preschool or secondary school, child

day-care center, or church. The only local government ordinances and regulations that are binding on a marijuana facility are those of the local government where the marijuana facility is located. Except as otherwise provided in this subsection, no local government shall prohibit marijuana facilities or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a marijuana facility or entity holding a transportation certification that may operate in such locality.

6. Taxation and Reporting.

(1) A tax shall be levied upon the retail sale of non-medical marijuana sold to consumers at marijuana facilities licensed pursuant to this section within the state. The tax shall be at a rate of ten percent of the retail price or at a rate of one percent less than the current rate established for tobacco products in this state, whichever is less. The tax shall be collected by each licensed non-medical retail marijuana facility and paid to the department of revenue. After retaining no more than two percent of the total tax collected or its actual collection costs, whichever is less, amounts generated by the tax levied in this section shall be deposited by the department of revenue into the "Veterans, Education, Public Welfare, Infrastructure, and Health Fund" created under this subsection. Licensed entities making non-medical retail sales within the state shall be allowed approved credit for returns, provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Veterans, Education, Public Welfare, Infrastructure, and Health Fund" which shall consist of taxes and fees collected under this section. The state treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and monies earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The commissioner of administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall be distributed as follows:

(a) First, to the department, an amount necessary for the department to carry out this section, including repayment of any cash operating transfers, payments made for or through contract or agreement for issuing standards and requirements promulgated pursuant to this section, reviewing applications and verifying compliance with this section, creating safety standards, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section;

(b) Next, distributed to the local government where the retail sale occurred, one-fifth of the remaining fund balance; and

(c) After the distribution to the local government where the retail sale occurred, the remaining fund balance shall be distributed as follows:

(i) One-fifth of the remainder of the fund balance shall be transferred to the Missouri veterans commission and allied state agencies, as determined by appropriation, exclusively for health care and other services for military veterans and their dependent families;

(ii) One-fifth of the remainder of the fund balance to the State Road Fund created under Article XIV IV, section 30b of this Constitution for constructing and maintaining an adequate system of connected state highways;

(iii) One-fifth of the remainder of the fund balance to the department to provide grants to existing agencies and community-based not-for-profits, to increase access to evidence-based

low-barrier drug addiction treatment, prioritizing medically proven treatment and overdose prevention and reversal methods and public or private treatment options with an emphasis on reintegrating recipients into their local communities, to support overdose prevention education, and to support job placement, housing, and counseling for those with substance use disorders or similar disabilities. Agencies and organizations serving populations with the highest rates of drug-related overdose shall be prioritized to receive the grants;

(iv) One-fifth of the remainder of the fund to provide funding to local agencies, subagencies and/or other governmental or non-profit organizations directly funding educational expenses and costs of public schools in Missouri school districts, with preference given to communities with the highest percentages of economically disadvantaged families, persons and/or children; and

(v) One-fifth of the remainder of the fund to provide funding to local, community-based non-profits providing food, housing and employment aid to economically disadvantaged persons in their respective local communities, with preference given to populations with the highest percentages of economically disadvantaged families, children and students.

All monies from the taxes and fees authorized hereunder shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana, a record shall be kept by the seller of all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected, and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the department and the department of revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from and in addition to any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana.

(6) The fees and taxes provided for in this section shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

7. Additional Protections.

(1) A marijuana testing facility shall not be subject to criminal prosecution, denial of any right or privilege, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(2) An attorney, and his or her firm, shall not be subject to legal liability, or disciplinary action by the state bar association or other professional licensing body for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to any person related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(3) Actions and conduct by marijuana facilities licensed or otherwise certified by the department, or their employees or agents, as permitted by this section and in compliance with department regulations and other standards of legal conduct, shall not be subject to criminal liability or sanctions under Missouri law, except as provided for by this section. To ensure protection of public health and welfare, any consumer, qualifying patient, primary caregiver, certificate holder, applicant or licensee harmed as a result of a violation of the provisions of this section shall be entitled to compensation and reasonable costs, including expenses, attorneys' fees and costs to remedy the harm, and as authorized under existing consumer protection laws as of December 3, 2020.

(4) The department may not promulgate a rule that requires a consumer to provide a marijuana facility with identifying information other than identification to determine the consumer's age.

(5) It is the public policy of the state of Missouri that contracts related to marijuana that are entered into by marijuana facilities and those who allow property to be used by those entities should be enforceable. It is the public policy of the state of Missouri that no contract entered into by marijuana facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to marijuana may be prohibited by federal law.

8. Legislation.

Nothing in this section shall limit the general assembly from enacting laws consistent with the purposes of this section.

9. Additional Provisions.

(1) No owner of a marijuana facility or entity with a transportation certification shall be an individual with a disqualifying felony offense. A "disqualifying felony offense" is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the department determines that:

(a) The person's conviction was for a marijuana offense, other than provision of marijuana to a minor;

(b) The person's conviction was for a non-violent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses unrelated to nonviolent marijuana crimes.

The department may consult with and rely on the records, advice, and recommendations of the attorney general and the department of public safety, or their successor entities, in carrying out the provisions of this subdivision.

(2) All marijuana facilities and certificates shall be held by entities that are at least fifty-five percent owned and directly controlled by natural persons who have been residents of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, persons or entities outside the state of Missouri may own a non-controlling minority stake, indirectly, in such entities. By rule, the department may adjust the percentage of ownership required by residents of the state of Missouri, only if in accordance with the purpose of this section. Owners licensed pursuant to this section shall submit fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol, if necessary, shall forward the fingerprints to the Federal Bureau of Investigation (FBI) for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted pursuant to § 43.543 R.S.Mo., or successor provisions, and fees shall be paid pursuant to § 43.530 R.S.Mo., or successor provisions.

(3) No marijuana facility shall manufacture, package, or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between marijuana or a marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional department sanction up to and including loss of license.

(4) No marijuana facility may sell edible marijuana-infused candy in shapes or packages that are attractive to children or that are easily confused with commercially sold candy that does not contain marijuana.

(5) All marijuana and marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with serving amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled, as mandated by the department, as containing "Marijuana" or a "Marijuana-Infused Product." Violation of this subdivision shall subject the violator to department sanctions, including an administrative penalty.

(6) A marijuana facility may not allow cultivation, manufacturing, sale, or display of marijuana, marijuana-infused products, or marijuana accessories to be visible from a public

place outside of the marijuana facility without the use of binoculars, aircraft, or other optical aids.

(7) A marijuana facility may not cultivate, manufacture, test, sell, or store marijuana at any location other than a physical address approved by the department and within an enclosed area that is secured in a manner that prevents access by persons not permitted by the marijuana facility to access the area.

(8) A marijuana facility shall secure every entrance to the facility so that access to areas containing marijuana is restricted to employees and other persons permitted by the marijuana facility to access the area and to agents of the department or state and local law enforcement officers and emergency personnel and shall secure its inventory and equipment during and after operating hours to deter and prevent theft of marijuana, marijuana-infused products, and marijuana accessories.

(9) No marijuana facility may refuse representatives of the department the right to inspect the licensed premises or to audit the books and records of the marijuana facility. A facility that holds licenses issued under sections 1 and 2 of this Article XIV shall comply with inspection regulations and standards issued pursuant to both sections.

(10) No marijuana facility may allow a person under twenty-one years of age to volunteer or work for the marijuana facility, unless permitted by department regulation.

(11) No marijuana facility, or entity with a certification, shall assign, sell, give, lease, sublicense, or otherwise transfer its license or certificate to any other entity without the express consent of the department, not to be unreasonably withheld.

(12) To the fullest extent allowed by the Constitution of the United States, the Constitution of Missouri, and federal law, no unsolicited internet pop-up advertisements, banners on mass-market websites, unsolicited leaflets or handbills, or unsolicited direct mail advertisements for marijuana, marijuana-infused products, or marijuana accessories are permitted, and no off-site advertisement or marketing for marijuana, marijuana-infused products, or marijuana accessories may be placed on any billboard within the state or in any location exposed to view from a public place within one thousand feet of an elementary, preschool or secondary school, child daycare center, or church.

(13) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.

(14) No person shall extract resins from marijuana using dangerous materials or combustible gases without a marijuana-infused products manufacturing facility license or a marijuana microbusiness license that allows for this activity. Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty and, if applicable, loss of certificate or license for up to one year.

10. Personal Use of Marijuana.

(1) Subject to the limitations in subsection 3 of this section, the following acts by a person at least twenty-one years of age are not unlawful and shall not be an offense under state law or the laws of any local government within the state or be a basis to impose a civil fine, penalty, or sanction, or be a basis to detain, search, or arrest, or otherwise deny any right or privilege, or to seize or forfeit assets under state law or the laws of any local government:

(a) Possessing, using, ingesting, inhaling, processing, transporting, delivering and/or distributing without consideration three ounces or less of marijuana, except that not more than the equivalent of three ounces of marijuana, as determined by the department, may be in a concentrated form;

(b) Possessing, planting, cultivating, harvesting, drying, processing, or manufacturing one-half the number of plants a qualifying patient is permitted to cultivate pursuant to section 1 of this Article XIV and department regulation, provided:

(i) The plants and any marijuana produced by the plants in excess of four ounces are kept at one private residence, are in a locked space, and are not visible by normal, unaided vision from a public place; and

(ii) Not more than twice the number of allowable plants under paragraph (b) of this subdivision are kept in or on the grounds of a private residence at one time.

(c) Assisting another person who is at least twenty-one years of age in, or allowing property to be used for, any of the acts permitted by this section; and

(d) Possessing, using, delivering, distributing, manufacturing, transferring, or selling to persons twenty-one years of age or older marijuana accessories.

(2) A person who, pursuant to this section, cultivates marijuana plants that are visible by normal, unaided vision from a public place is subject to a civil penalty not exceeding two hundred and fifty dollars and forfeiture of the marijuana.

(3) A person who, pursuant to this section, cultivates marijuana plants that are not kept in a locked space is subject to a civil penalty not exceeding two hundred and fifty dollars and forfeiture of the marijuana.

(4) A person who smokes marijuana in a public place, other than in an area licensed for such activity by the department, is subject to a civil penalty not exceeding one hundred dollars.

(5) A person who is under twenty-one years of age who possesses, uses, ingests, inhales, transports, delivers without consideration or distributes without consideration one ounce or less of marijuana, or possesses, delivers without consideration, or distributes without consideration marijuana accessories is subject to a civil penalty not to exceed one hundred dollars and forfeiture of the marijuana. Any such person shall be provided the option of attending up to four hours of drug education or counseling in lieu of the fine.

(6) Subject to the limitations of this section, a person who possesses not more than twice the amount of marijuana allowed pursuant to this subsection, produces not more than three times the amount of marijuana allowed pursuant to this subsection, delivers without receiving any consideration or remuneration to a person who is at least twenty-one years of age not more than three times the amount of marijuana allowed by this subsection, or possesses with intent to deliver not more than three times the amount of marijuana allowed by this subsection:

(a) For a first violation, is subject to an infraction punishable by a civil penalty not exceeding two hundred and fifty dollars and forfeiture of the marijuana;

(b) For a second violation, is subject to an infraction punishable by a civil penalty not exceeding five hundred dollars and forfeiture of the marijuana;

(c) For a third or subsequent violation, is subject to a misdemeanor punishable by a fine not exceeding one-thousand dollars and forfeiture of the marijuana; and

(d) For a person under twenty-one years of age, is subject to a civil penalty not to exceed two hundred and fifty dollars. Any such person shall be provided the option of attending up to eight hours of drug education or counseling in lieu of the fine.

(7) Any person currently serving a sentence for a conviction, whether by trial, open or negotiated plea or otherwise, who would not have been guilty of an adult or juvenile offense, or who would have been guilty of a lesser adult or juvenile offense had sections 1 and 2 of this Article XIV been in effect at the time of the offense, may petition for and be granted a recall or dismissal of sentence before the trial court that entered the judgement of conviction in the person's case and may request resentencing or dismissal consistent with sections 1 and 2 of this Article XIV with credit for time and supervision period already served and such petition shall be granted.

(8) A person arrested, charged, or found guilty, whether by trial, open or negotiated plea or otherwise, for any offense that is no longer a crime after the effective dates of sections 1 and 2 of this Article XIV shall have the right to apply for expungement on and/or after December 3, 2020 and such expungement shall be granted and the records expunged from all government records. The effect of such order shall be to restore such person to the status the person occupied prior to such arrest, plea or conviction and as if such event had never taken place. No person for whom such order has been entered shall be held thereafter under any provision of any law to be guilty of perjury or otherwise giving a false statement by reason of the person's failure to recite or acknowledge such arrest, plea, trial, conviction, or expungement in response

to any inquiry made of the person for any purpose whatsoever, and no such inquiry shall be made for information relating to an expungement.

(9) A person shall not be denied adoption, custody, or visitation rights relative to a minor, or any other individual under or in need of guardianship, solely for conduct that is permitted by this section and Article XIV, unless not in the best interests of the child as determined by other applicable laws and procedures unrelated to marijuana and cannabis.

(10) No person shall be denied access to or priority for an organ transplant for conduct that is permitted by this section.

11. Severability.

The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.

12. Effective Date.

The provisions of this section shall become effective on December 3, 2020, as provided by this Constitution.

RECEIVED
JAN 10 2020
STATE AUDITORS OFFICE
ELECTIONS DIVISION
(573) 751-2301

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

January 10, 2020

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mark Parachini regarding a proposed constitutional amendment to Article XIV (2020-145)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mark Parachini on January 10, 2020.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

STAPLE HERE

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County _____

INITIATIVE PETITION

Page No. _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2020 JAN 10 AM 9:39
SOS SEC OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

	Signature	Date Signed	Registered Voting Address	Zip Code	Cong. District	Printed First and Last Name
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

_____ Signature of Affiant (Person obtaining signatures)

_____ Street Address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____

(Seal)

_____ Signature of Notary

_____ Address of Notary

20-145

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article XIV is amended by amending Section 1 of Article XIV and enacting one new section to be known as Section 2 of Article XIV, to read as follows:

XIV Section 1. Right to access medical marijuana.

1. Purposes.

This section is intended to permit state-licensed physicians to recommend marijuana for medical purposes to patients with serious illnesses and medical conditions. The section allows patients with qualifying medical conditions the right to discuss freely with their physicians the possible benefits of medical marijuana use, the right of their physicians to provide professional advice concerning the same, and the right to use medical marijuana for treatment under the supervision of a physician.

This section is intended to make only those changes to Missouri laws that are necessary to protect patients, their primary caregivers, and their physicians from civil and criminal penalties, and to allow for the limited legal production, distribution, sale and purchase of marijuana for medical use. This section is not intended to change current civil and criminal laws governing the use of marijuana for nonmedical purposes. The section does not allow for the public use of marijuana and driving under the influence of marijuana.

2. Definitions.

(1) "**Administer**" means the direct application of marijuana to a qualifying patient by way of any of the following methods:

(a) Ingestion of capsules, teas, oils, and other marijuana-infused products;

(b) Vaporization or smoking of dried flowers, buds, plant material, extracts, or oils;

(c) Application of ointments or balms;

(d) Transdermal patches and suppositories;

(e) Consuming marijuana-infused food products; or

(f) Any other method recommended by a qualifying patient's physician.

(2) "**Department**" means the department of health and senior services, or its successor agency.

(3) "**Entity**" means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) "**Flowering plant**" means a marijuana plant from the time it exhibits the [first] final signs of sexual maturity through harvest.

(5) "**Marijuana**" or "**marihuana**" means *Cannabis indica*, *Cannabis sativa*, and *Cannabis ruderalis,* hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" or "marihuana" do not include industrial hemp containing a crop-wide average tetrahydrocannabinol concentration that does not exceed three-tenths of one percent on a dry weight basis, or commodities or products manufactured from industrial hemp.

(6) "**Marijuana-infused products**" means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(7) "**Medical marijuana cultivation facility**" means a facility licensed by the department to acquire, cultivate, process, store, transport, and sell marijuana to a medical marijuana dispensary facility, medical marijuana testing facility, or to a medical marijuana-infused products manufacturing facility or to any marijuana facility under this article.

(8) "**Medical marijuana dispensary facility**" means a facility licensed by the department to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and drug paraphernalia used to administer marijuana as provided for in this section to a qualifying patient, a primary caregiver, another medical marijuana dispensary facility, a medical marijuana testing facility, [or to] a medical marijuana-infused products manufacturing facility, or to any legal consumer or marijuana facility licensed under this article.

(9) "**Medical marijuana-infused products manufacturing facility**" means a facility licensed by the department to acquire, store, manufacture, transport, and sell marijuana-infused products to a medical marijuana dispensary facility, a medical marijuana testing facility, [or to] another medical marijuana-infused products manufacturing facility, or to any other marijuana facility licensed under this article.

(10) "**Medical marijuana testing facility**" means a facility certified by the department to acquire, test, certify, and transport marijuana.

(11) "**Medical use**" means the production, possession, delivery, distribution, transportation, or administration of marijuana or a marijuana-infused product, or drug paraphernalia used to administer marijuana or a marijuana-infused product, for the benefit of a qualifying patient to mitigate the symptoms or effects of the patient's qualifying medical condition.

(12) "**Physician**" means an individual who is licensed and in good standing to practice medicine or osteopathy under Missouri law.

(13) "**Physician certification**" means a document, whether handwritten, electronic or in another commonly used format, signed by a physician and stating that, in the physician's professional opinion, the patient suffers from a qualifying medical condition.

(14) "**Primary caregiver**" means an individual twenty-one years of age or older who has significant responsibility for managing the well-being of a qualifying patient and who is designated as such on the primary caregiver's application for an identification card under this section or in other written notification to the department.

(15) "**Qualifying medical condition**" means the condition of, symptoms related to, or side-effects from the treatment of:

(a) Cancer;

(b) Epilepsy;

(c) Glaucoma;

(d) Intractable migraines unresponsive to other treatment;

(e) A chronic medical condition that causes severe, persistent pain or persistent muscle spasms, including but not limited to those associated with multiple sclerosis, seizures, Parkinson's disease, and Tourette's syndrome;

(f) Debilitating psychiatric disorders, including, but not limited to, posttraumatic stress disorder, if diagnosed by a state licensed psychiatrist;

(g) Human immunodeficiency virus or acquired immune deficiency syndrome;

(h) A chronic medical condition that is normally treated with a prescription medication that could lead to physical or psychological dependence, when a physician determines that medical use of marijuana could be effective in treating that condition and would serve as a safer alternative to the prescription medication;

(i) Any terminal illness; or

(j) In the professional judgment of a physician, any other chronic, debilitating or other medical condition, including, but not limited to, hepatitis C, amyotrophic lateral sclerosis, inflammatory bowel disease, Crohn's disease, Huntington's disease, autism, neuropathies, sickle cell anemia, agitation of Alzheimer's disease, cachexia, and wasting syndrome.

(16) "**Qualifying patient**" means a Missouri resident diagnosed with at least one qualifying medical condition.

3. Creating Patient Access to Medical Marijuana.

(1) In carrying out the implementation of this section, the department shall have the authority to:

(a) Grant or refuse state licenses and certifications for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use as provided by law; suspend, fine, restrict, or revoke such licenses and certifications upon a violation of this

section or a rule promulgated pursuant to this section; and impose any administrative penalty authorized by this section or any rule promulgated pursuant to this section.

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana for medical use and for the enforcement of this section so long as patient access is not restricted unreasonably and such rules are reasonably necessary for patient safety or to restrict access to only licensees and qualifying patients.

(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section.

(d) Require a seed-to-sale tracking system that tracks medical marijuana from either the seed or immature plant stage until the medical marijuana or medical marijuana-infused product is sold to a qualifying patient or primary caregiver to ensure that no medical marijuana grown by a medical marijuana cultivation facility or manufactured by a medical marijuana-infused products manufacturing facility is sold or otherwise transferred except by a medical marijuana dispensary facility. The department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees.

(e) Issue standards for the secure transportation of marijuana and marijuana-infused products. The department shall certify entities which demonstrate compliance with its transportation standards to transport marijuana and marijuana-infused products to a medical marijuana cultivation facility, a medical marijuana-infused products manufacturing facility, a medical marijuana dispensary facility, a medical marijuana testing facility, or another entity with a transportation certification. The department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity licensed or certified pursuant to this section shall be allowed to transport cannabis.

(f) The department may charge a fee not to exceed $5,000 for any certification issued pursuant to this section.

(g) Prepare and transmit annually a publicly available report accounting to the governor for the efficient discharge of all responsibilities assigned to the department under this section;

(h) Establish a system to numerically score competing medical marijuana licensee and certificate applicants, only in cases where more applicants apply than the minimum number of licenses or certificates as calculated by this section, which scoring shall be limited to an analysis of the following:

(i) the character, veracity, background, qualifications, and relevant experience of principal officers or managers;

(ii) the business plan proposed by the applicant, which in the case of cultivation facilities and dispensaries shall include the ability to maintain an adequate supply of marijuana,

plans to ensure safety and security of qualifying patients and the community, procedures to be used to prevent diversion, and any plan for making marijuana available to low-income qualifying patients;

(iii) site security;

(iv) experience in a legal cannabis market;

(v) in the case of medical marijuana testing facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and/or potency and health care industry experience;

(vi) the potential for positive economic impact in the site community;

(vii) in the case of medical marijuana cultivation facilities, capacity or experience with agriculture, horticulture, and health care;

(viii) in the case of medical marijuana dispensary facilities, capacity or experience with health care, the suitability of the proposed location, and its accessibility for patients;

(ix) in the case of medical marijuana-infused products manufacturing facilities, capacity or experience with food and beverage manufacturing; and

(x) maintaining competitiveness in the marijuana for medical use marketplace.

In ranking applicants and awarding licenses and certificates, the department may consult or contract with other public agencies with relevant expertise regarding these factors. The department shall lift or ease any limit on the number of licensees or certificate holders in order to meet the demand for marijuana for medical use by qualifying patients.

(2) The department shall issue any rules or emergency rules necessary for the implementation and enforcement of this section and to ensure the right to, availability, and safe use of marijuana for medical use by qualifying patients. In developing such rules or emergency rules, the department may consult with other public agencies. In addition to any other rules or emergency rules necessary to carry out the mandates of this section, the department may issue rules or emergency rules relating to the following subjects:

(a) Compliance with, enforcement of, or violation of any provision of this section or any rule issued pursuant to this section, including procedures and grounds for denying, suspending, fining, restricting, or revoking a state license or certification issued pursuant to this section;

(b) Specifications of duties of officers and employees of the department;

(c) Instructions or guidance for local authorities and law enforcement officers;

(d) Requirements for inspections, investigations, searches, seizures, and such additional enforcement activities as may become necessary from time to time;

(e) Creation of a range of administrative penalties for use by the department;

(f) Prohibition of misrepresentation and unfair practices;

(g) Control of informational and product displays on licensed premises provided that the rules may not prevent or unreasonably restrict appropriate signs on the property of the medical marijuana dispensary facility, product display and examination by the qualifying patient and/or primary caregiver, listings in business directories including phone books, listings in marijuana-related or medical publications, or the sponsorship of health or not for profit charity or advocacy events;

(h) Development of individual identification cards for owners, officers, managers, contractors, employees, and other support staff of entities licensed or certified pursuant to this section, including a fingerprint-based federal and state criminal record check in accordance with U.S. Public Law 92-544, or its successor provisions, as may be required by the department prior to issuing a card and procedures to ensure that cards for new applicants are issued within fourteen days. Applicants licensed pursuant to this section shall submit fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol, if necessary, shall forward the fingerprints to the Federal Bureau of Investigation (FBI) for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted pursuant to 43.543 and fees shall be paid pursuant to 43.530;

(i) Security requirements for any premises licensed or certified pursuant to this section, including, at a minimum, lighting, physical security, video, alarm requirements, and other minimum procedures for internal control as deemed necessary by the department to properly administer and enforce the provisions of this section, including reporting requirements for changes, alterations, or modifications to the premises;

(j) Regulation of the storage of, warehouses for, and transportation of marijuana for medical use;

(k) Sanitary requirements for, including, but not limited to, the preparation of medical marijuana-infused products;

(l) The specification of acceptable forms of picture identification that a medical marijuana dispensary facility may accept when verifying a sale;

(m) Labeling and packaging standards;

(n) Records to be kept by licensees and the required availability of the records;

(o) State licensing procedures, including procedures for renewals, reinstatements, initial licenses, and the payment of licensing fees;

(p) The reporting and transmittal of tax payments;

(q) Authorization for the department of revenue to have access to licensing information to ensure tax payment and the effective administration of this section; and

(r) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(3) The department shall issue rules or emergency rules for a medical marijuana and medical marijuana-infused products independent testing and certification program for medical marijuana licensees and for requiring licensees to test medical marijuana using one or more impartial, independent laboratories to ensure, at a minimum, that products sold for human consumption do not contain contaminants that are injurious to health, to ensure correct labeling and measure potency. The department shall not require any medical marijuana or medical marijuana-infused products to be tested more than once prior to sale.

(4) The department shall issue rules or emergency rules to provide for the certification of and standards for medical marijuana testing facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The department shall certify, if possible, at least two entities as medical marijuana testing facilities. No medical marijuana testing facility shall be owned by an entity under [substantially] common control, ownership, or management, directly or indirectly, as a medical marijuana cultivation facility, medical marijuana-infused product manufacturing facility, [or] medical marijuana dispensary facility, or any other licensee or certificate holder under this article.

(5) [The department shall maintain the confidentiality of reports or other information obtained from an applicant or licensee containing any individualized data, information, or records related to the licensee or its operation, including sales information, financial records, tax returns, credit reports, cultivation information, testing results, and security information and plans, or revealing any patient information, or any other records that are exempt from public inspection pursuant to state or federal law. Such reports or other information may be used only for a purpose authorized by this section. Any information released related to patients may be used only for a purpose authorized by federal law and this section, including verifying that a person who presented a patient identification card to a state or local law enforcement official is lawfully in possession of such card.] Beginning December 2, 2020, all public records produced or retained pursuant to this section are subject to the general provisions of the Missouri Sunshine Law, as amended from time to time. Notwithstanding the foregoing, records containing proprietary business information obtained from an applicant or licensee are subject to closure. For documents submitted on or after December 2, 2020, the applicant or licensee shall label business information it believes to be proprietary prior to submitting it to the department. For documents submitted prior to December 2, 2020, the applicant or licensee may advise the department, through a department approved process, of any records previously submitted by the applicant or licensee it believes contain proprietary business information. Proprietary business information shall include sales information, financial records, tax returns, credit reports, cultivation information unrelated to product safety, testing results unrelated to product safety, site security information and plans, and individualized consumer information. The presence of proprietary business information shall not justify the closure of public records:

(a) identifying the applicant or licensee;

(b) relating to any citation, notice of violation, tax delinquency, or other enforcement action;

(c) relating to any public official's support or opposition relative to any applicant, licensee, or their proposed or actual operations;

(d) where disclosure is reasonably necessary for the protection of public health or safety; or

(e) that are otherwise subject to public inspection under other applicable law.

(6) Within one hundred eighty days of December 6, 2018, the department shall make available to the public license application forms and application instructions for medical marijuana cultivation facilities, medical marijuana testing facilities, medical marijuana dispensary facilities, and medical marijuana-infused products manufacturing facilities.

(7) Within one hundred eighty days of December 6, 2018, the department shall make available to the public application forms and application instructions for qualifying patient, qualifying patient cultivation, and primary caregiver identification cards. Within two hundred ten days of December 6, 2018, the department shall begin accepting applications for such identification cards.

(8) An entity may apply to the department for and obtain one or more licenses to grow marijuana as a medical marijuana cultivation facility. Each facility in operation shall require a separate license, but multiple licenses may be utilized in a single facility. Each indoor facility utilizing artificial lighting [may] shall be limited by the department to thirty thousand square feet of flowering plant canopy space. Each outdoor facility utilizing natural lighting [may] shall be limited by the department to two thousand eight hundred flowering plants. Each greenhouse facility using a combination of natural and artificial lighting [may] shall be limited by the department [, at the election of the licensee,] to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a nonrefundable fee of ten thousand dollars per license application or renewal for all applicants filing an application within three years of December 6, 2018, and shall charge each applicant a nonrefundable fee of five thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of twenty-five thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three medical marijuana cultivation facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(9) An entity may apply to the department for and obtain one or more licenses to operate a medical marijuana dispensary facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable,

except for good cause. The department shall charge each applicant a nonrefundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of December 6, 2018 and shall charge each applicant a nonrefundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than five medical marijuana dispensary facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(10) An entity may apply to the department for and obtain one or more licenses to operate a medical marijuana-infused products manufacturing facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a nonrefundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of December 6, 2018, and shall charge each applicant a nonrefundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three medical marijuana-infused products manufacturing facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(11) Any applicant for a license authorized by this section may prefile their application fee with the department beginning 30 days after December 6, 2018.

(12) [Except for good cause]To ensure qualifying patients have access to an adequate supply of medical marijuana, a qualifying patient or his or her primary caregiver may obtain an identification card from the department to cultivate marijuana, including [up to six] non-flowering plants and at least twelve flowering plants for the [exclusive] use of that qualifying patient. Marijuana under this subsection (12) may not be sold. The card shall be valid for [twelve] thirty-six months from its date of issuance and shall be renewable with the [annual] submittal of a new or updated physician's certification. The department shall charge [an annual] a fee for the card of one hundred dollars, with such rate to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency.

(13) The department may set a limit on the amount of marijuana that may be purchased by or on behalf of a single qualifying patient in a thirty-day period, provided that limit is not less than four ounces of dried, unprocessed marijuana, or its equivalent. Any such limit shall not apply to a qualifying patient with written certification from two independent physicians that there are compelling reasons why the qualifying patient needs a greater amount than the limit established by the department.

(14) The department may set a limit on the amount of marijuana that may be possessed by or on behalf of each qualifying patient, provided that limit is not less than a sixty-day supply of dried, unprocessed marijuana, or its equivalent. A primary caregiver may possess a separate legal limit for each qualifying patient under their care and a separate legal limit for themselves if they are a qualifying patient. Qualifying patients cultivating marijuana for medical use may possess up to a ninety-day supply, so long as the supply remains on property under their control. Any such limit shall not apply to a qualifying patient with written certification from two independent physicians that there are compelling reasons for additional amounts. Possession of between the legal limit and up to twice the legal limit shall subject the possessor to department sanctions, including an administrative penalty and loss of their patient identification card for up to a year. Purposefully possessing amounts in excess of twice the legal limit shall be punishable by [imprisonment of up to one year and] a fine of up to two thousand dollars.

(15) The department [may] shall restrict the aggregate number of licenses granted for medical marijuana cultivation facilities, provided, however, that the number may not be limited to fewer than one license per every one hundred thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States, and a restriction shall remain in effect once established, unless found to violate any other provision of law.. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(16) The department [may] shall restrict the aggregate number of licenses granted for marijuana-infused products manufacturing facilities, provided, however, that the number may not be limited to fewer than one license per every seventy thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States, and a restriction shall remain in effect once established, unless found to violate any other provision of law.. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(17) The department [may] shall restrict the aggregate number of licenses granted for medical marijuana dispensary facilities, provided, however, that the number may not be limited to fewer than twenty-four licenses in each United States congressional district in the state of Missouri pursuant to the map of each of the eight congressional districts as drawn and effective on December 6, 2018, and a restriction shall remain in effect once established, unless found to violate any other provision of law. Future changes to the boundaries of or the number of congressional districts shall have no impact.

(18) The department shall begin accepting license and certification applications for medical marijuana dispensary facilities, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than two hundred forty days after December 6, 2018. Applications for licenses and certifications under this section shall be approved or denied by the department no later than one hundred fifty days after their submission. If the department fails to carry out its nondiscretionary duty to approve or deny an application within one hundred fifty days of submission, an applicant may immediately seek a court order compelling the department to approve or deny the application.

(19) Qualifying patients under this section shall obtain [and annually renew] an identification card or cards from the department. The department shall charge a fee of twenty-

five dollars per year per card with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor or its successor agency. Cards shall be valid for three years and may be renewed with a new physician's certification. Upon receiving an application for a qualifying patient identification card or qualifying patient cultivation identification card, the department shall, within thirty days, either issue the card or provide a written explanation for its denial. If the department fails to deny and fails to issue a card to an eligible qualifying patient within thirty days, then their physician certification shall serve as their qualifying patient identification card or qualifying patient cultivation identification card for up to one year from the date of physician certification. All initial applications for or renewals of a qualifying patient identification card or qualifying patient cultivation identification card shall be accompanied by a physician certification that is less than thirty days old.

(20) Primary caregivers under this section shall obtain [and annually renew] an identification card from the department. Cards shall be valid for three years. The department shall charge a fee of [twenty-five] seventy-five dollars [per year], with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. Upon receiving an application for a primary caregiver identification card, the department shall, within thirty days, either issue the card or provide a written explanation for its denial.

(21) All marijuana for medical use sold in Missouri shall be cultivated in a licensed medical marijuana cultivation facility located in Missouri.

(22) All marijuana-infused products for medical use sold in the state of Missouri shall be manufactured in a medical marijuana-infused products manufacturing facility.

(23) The denial of a license, license renewal, or identification card by the department shall be appealable to the administrative hearing commission, or its successor entity. Following the exhaustion of administrative review, denial of a license, license renewal, or identification card by the department shall be subject to judicial review as provided by law.

(24) No elected official shall interfere directly or indirectly with the department's obligations and activities under this section.

(25) The department shall not have the authority to apply or enforce any rule or regulation that would impose an undue burden on any one or more licensees or certificate holders, any qualifying patients, or act to undermine the purposes of this section.

4. Taxation and Reporting.

(1) A tax is levied upon the retail sale of marijuana for medical use sold at medical marijuana dispensary facilities within the state. The tax shall be at a rate of four percent of the retail price. The tax shall be collected by each licensed medical marijuana dispensary facility and paid to the department of revenue. After retaining no more than five percent for its actual collection costs, amounts generated by the tax levied in this section shall be deposited by the

department of revenue into the Missouri veterans' health and care fund. Licensed entities making retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Missouri Veterans' Health and Care Fund", which shall consist of taxes and fees collected under this section. The state treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and monies earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The commissioner of administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the department, an amount necessary for the department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section;

(b) Next, the remainder of such funds shall be transferred to the Missouri veterans commission for health and care services for military veterans, including the following purposes: operations, maintenance and capital improvements of the Missouri veterans homes, the Missouri service officer's program, and other services for veterans approved by the commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness. The Missouri veterans commission shall contract with other public agencies for the delivery of services beyond its expertise.

(c) All monies from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana for medical use, a record shall be kept by the seller which identifies, by secure and encrypted patient number issued by the seller to the qualifying patient involved in the sale, all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the department and the department of revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from, and in addition to, any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana for medical use.

(6) The fees and taxes provided for in this Article XIV, Section I shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

(7) The unexpended balance existing in the fund shall be exempt from the provisions of section 33.080 relating to the transfer of unexpended balances to the general revenue fund.

5. Additional Patient, Physician, Caregiver and Provider Protections.

(1) Except as provided in this section, the possession of marijuana in quantities less than the limits of this section, or established by the department, and transportation of marijuana from a medical marijuana dispensary facility to the qualifying patient's residence shall not subject the possessor to arrest, criminal or civil liability, or sanctions under Missouri law, provided that the possessor produces on demand to the appropriate authority a valid qualifying patient identification card; a valid qualifying patient cultivation identification card; a valid physician certification while making application for an identification card; or a valid primary caregiver identification card. Production of the respective equivalent identification card or authorization issued by another state or political subdivision of another state shall also meet the requirements of this subdivision and shall allow for the purchase of marijuana for use by a non-resident patient from a medical marijuana dispensary facility as permitted by this section and in compliance with department regulations.

(2) No patient shall be denied access to or priority for an organ transplant because they hold a qualifying patient identification card or use marijuana for medical use.

(3) A physician shall not be subject to criminal or civil liability or sanctions under Missouri law or discipline by the Missouri state board of registration for the healing arts, or its successor agency, for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or issuing a physician certification to a patient diagnosed with a qualifying medical condition in a manner consistent with this section and legal standards of professional conduct.

(4) A health care provider shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or providing health care services that involve the medical use of marijuana consistent with this section and legal standards of professional conduct.

(5) A medical marijuana testing facility shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to the medical use of marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(6) A health care provider shall not be subject to mandatory reporting requirements for the medical use of marijuana by non-emancipated qualifying patients under eighteen years of age in a manner consistent with this section and with consent of a parent or guardian.

(7) A primary caregiver shall not be subject to criminal or civil liability or sanctions under Missouri law for purchasing, transporting, or administering marijuana for medical use to a qualifying patient or participating in the patient cultivation of [up to six] at least twelve flowering marijuana plants per patient in a manner consistent with this section and generally established legal standards of personal or professional conduct.

(8) An attorney, and his or her firm, shall not be subject to legal liability, or disciplinary action by the state bar association or other professional licensing body, for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to prospective or licensed medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana dispensary facilities, medical marijuana-infused products manufacturing facilities, qualifying patients, primary caregivers, physicians, health care providers or others related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(9) Actions and conduct by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities licensed or registered with the department, or their employees or agents, as permitted by this section and in compliance with department regulations and other standards of legal conduct, shall not be subject to criminal [or civil] liability or sanctions under Missouri law, except as provided for by this section. To ensure protection of public health and safety, a consumer, qualifying patient, primary caregiver, certificate holder, applicant or licensee harmed as a result of a violation of the provisions of this section shall be entitled to compensation and reasonable costs, including court costs, expenses, and attorneys' fees, and as authorized under existing consumer protection laws as of the effective date of this section.

(10) Nothing in this section shall provide immunity for negligence, either common law or statutorily created, nor criminal immunities for operating a vehicle, aircraft, dangerous device, or navigating a boat under the influence of marijuana.

(11) It is the public policy of the state of Missouri that contracts related to marijuana for medical use that are entered into by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities and those who allow property to be used by those entities, should be enforceable. It is the public policy of the state of Missouri that no contract entered into by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to medical marijuana may be prohibited by federal law. The only local government and association ordinances or regulations that are binding on a marijuana facility, qualifying patient, primary caregiver, certificate holder, or entity or individual regulated under this article, are those of the local government where the entity or individual is located.

6. Legislation.

Nothing in this section shall limit the general assembly from enacting laws consistent with this section, or otherwise effectuating the patient rights of this section. The legislature shall not enact laws that hinder the right of qualifying patients to access marijuana for medical use as granted by this section.

7. Additional Provisions.

(1) Nothing in this section permits a person to:

(a) Consume marijuana for medical use in a jail or correctional facility;

(b) Undertake any task under the influence of marijuana when doing so would constitute negligence or professional malpractice; or

(c) Operate, navigate, or be in actual physical control of any dangerous device or motor vehicle, aircraft or motorboat while under the influence of marijuana; or

(d) Bring a claim against any employer, former employer, or prospective employer for wrongful discharge, discrimination, or any similar cause of action or remedy, based on the employer, former employer, or prospective employer prohibiting the employee, former employee, or prospective employee from being under the influence of marijuana while at work or disciplining the employee or former employee, up to and including termination from employment, for working or attempting to work while under the influence of marijuana.

(2) No medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility, or entity with a transportation certification shall be owned, in whole or in part, or have as an officer, director, board member, manager, or employee, any individual with a disqualifying felony offense. A "disqualifying felony offense" is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the department determines that:

(a) The person's conviction was for the medical use of marijuana or assisting in the medical use of marijuana; or

(b) The person's conviction was for a nonviolent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses.

The department may consult with and rely on the records, advice and recommendations of the attorney general and the department of public safety, or their successor entities, in applying this subdivision.

(3) All entities holding a license for a medical marijuana cultivation facility, medical marijuana dispensary facility, and medical marijuana-infused products manufacturing facility [licenses], entities with medical marijuana testing facility certifications, and entities with

transportation certifications shall be held by entities that are majority owned and directly controlled by natural persons who have been citizens of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, entities outside the state of Missouri may only own a minority stake, indirectly, in such entities.

(4) No medical marijuana cultivation facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility shall manufacture, package or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between a marijuana or marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional department sanction, up to and including loss of license.

(5) All edible marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with dosage amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled as mandated by the department [, in a font size at least as large as the largest other font size used on the package,] as containing "Marijuana", or a "Marijuana-Infused Product". Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty.

(6) No individual shall serve as the primary caregiver for more than [three] six qualifying patients.

(7) No qualifying patient shall consume marijuana for medical use in a public place, unless provided by law. Violation of this prohibition shall subject the violator to sanctions as provided by general law.

(8) No person shall extract resins from marijuana using dangerous materials or combustible gases without a medical marijuana-infused products manufacturing facility license. Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty and, if applicable, loss of their identification card, certificate, or license for up to one year.

(9) All qualifying patient cultivation shall take place in an enclosed, locked facility that is equipped with security devices that permit access only by the qualifying patient or by such patient's primary caregiver. [Two] Six qualifying patients, who [both] all hold valid qualifying patient cultivation identification cards, may share one enclosed, locked facility, whether utilizing a primary caregiver or not. [No more than twelve qualifying patient or primary caregiver cultivated flowering marijuana plants may be cultivated in a single, enclosed locked facility, except when a primary caregiver also holds a qualifying patient cultivation identification card, in which case no more than eighteen flowering marijuana plants may be cultivated in a single, enclosed, locked facility.]

(10) No medical marijuana cultivation facility, medical marijuana dispensary facility, medical marijuana-infused products manufacturing facility, medical marijuana testing facility, or entity with a transportation certification shall assign, sell, give, lease, sublicense, or otherwise

transfer its license or certificate to any other entity without the express consent of the department, not to be unreasonably withheld.

(11) Unless allowed by the local government, no new medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility shall be initially sited within one thousand feet of any then-existing elementary or secondary school, child day-care center, or church. No local government shall prohibit medical marijuana cultivation facilities, medical marijuana testing facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities, or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana-infused products manufacturing facility, medical marijuana dispensary facility, or entity holding a transportation certification that may operate in such locality. <u>The only local government ordinances or regulations that are binding on a marijuana facility are those of the local government where the marijuana facility is located</u>.

(12) Unless superseded by federal law or an amendment to this Constitution, a physician shall not certify a qualifying condition for a patient by any means other than providing a physician certification for the patient, whether handwritten, electronic, or in another commonly used format. [A qualifying patient must obtain a new physician certification at least annually.]

(13) A physician shall not issue a certification for the medical use of marijuana for a nonemancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. The department shall not issue a qualifying patient identification card on behalf of a nonemancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. Such card shall be issued to one of the parents or guardians and not directly to the patient. Only a parent or guardian may serve as a primary caregiver for a nonemancipated qualifying patient under the age of eighteen. Only the qualifying patient's parent or guardian shall purchase or possess medical marijuana for a nonemancipated qualifying patient under the age of eighteen. A parent or guardian shall supervise the administration of medical marijuana to a nonemancipated qualifying patient under the age of eighteen.

(14) Nothing in this section shall be construed as mandating health insurance coverage of medical marijuana for qualifying patient use.

(15) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for medical use or for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.

8. Severability.

The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.

9. Effective Date.

The provisions of this section shall become effective on December 6, 2018.

Section 2. Marijuana Legalization, Regulation, and Taxation

1. Purposes.

The purposes of this section are to make marijuana legal under state and local law for adults twenty-one years of age or older, and to safely control the commercial production and distribution of marijuana under a system that licenses, regulates and reasonably taxes the businesses and consumers involved while promoting and protecting public safety, health and welfare in a fair way and safe environment. These purposes include promoting the Missouri cannabis industry of the people of this state and their rights to enjoyment of the gains of that industry, including the fair and equal opportunity to participate in their cannabis industry by means that are not overly burdensome, discriminating or unfair to its people. This section and its purposes shall be governed and protected as proscribed and mandated by the people of this great state, the "Show Me" state.

The intent of the purposes of this section is to provide revenue from the Missouri cannabis industry for education and general welfare programs for the people; prevent arrest and penalty for personal possession and cultivation of marijuana by adults twenty-one years of age or older; protect the rights of the voters of this state in support of a successful Missouri cannabis industry; minimize tax burdens of the people of this state by maintaining reasonable tax rates on cannabis that are lower than those of similar industries and reducing administrative, judicial and congressional expenses of illegal cannabis markets, including reduction of overcrowding of prisons and incarceration rates resulting from non-violent offenses related to cannabis; promoting the Missouri cannabis industry to foster economic prosperity for its people; enhance the quality of life, rights and benefits afforded to the honorable veterans of this state; allow for a marijuana microbusiness facility license to be held by any natural person that has been a resident of this state for at least one year and is otherwise qualified to directly control, safely operate and majority own a cannabis business in this state; remove the commercial production and distribution of marijuana from the illicit market for protection and safety of the people; prevent revenue generated from commerce in marijuana from going to criminal enterprises; prevent the distribution of marijuana to persons under twenty-one years of age; protect health by ensuring the safety of marijuana and products containing marijuana; and ensure the security of marijuana facilities. To the fullest extent possible, this section shall be interpreted in accordance with the purposes and intent set forth in this section and Constitution.

This section is not intended to allow for the public use of marijuana, driving while intoxicated by marijuana, the use of marijuana in the workplace, or the use of marijuana by persons under twenty-one years of age.

2. Definitions.

(1) "Consumer" means a person who is at least twenty-one years of age.

(2) "Department" means the department of health and senior services, or its successor agency.

(3) "Entity" means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) "Flowering plant" means a marijuana plant from the time it exhibits the first signs of sexual maturity through harvest.

(5) "Local government" means, in the case of an incorporated area, a village, town, or city and, in the case of an unincorporated area, a county.

(6) "Marijuana" means *cannabis indica*, *cannabis sativa*, and *cannabis ruderalis*, hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana or cannabis, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" does not include industrial hemp, including any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than three-tenths of one percent on a dry weight basis, or commodities or products manufactured with industrial hemp, or any other ingredient combined with marijuana to prepare topical or oral administrations, food, drink, or other products.

(7) "Marijuana accessories" means any equipment, product, material, or combination of equipment, products, or materials, which is specifically designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, containing, ingesting, inhaling, or otherwise introducing marijuana into the human body.

(8) "Marijuana Cultivation Facility" means an entity licensed by the department to acquire, cultivate, process, store, transport, and sell marijuana to a marijuana dispensary facility, marijuana testing facility, or to a marijuana-infused products manufacturing facility, or as otherwise provided in this article.

(9) "Marijuana Dispensary Facility" means an entity licensed by the department to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and marijuana accessories as provided for in this section to consumers, or as otherwise provided in this article.

(10) "Marijuana Facility" means a marijuana cultivation facility, marijuana dispensary facility, marijuana testing facility, marijuana-infused products manufacturing facility, marijuana microbusiness facility, or any other type of marijuana-related facility or business licensed or certified by the department pursuant to this section.

(11) "Marijuana-Infused Products" means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(12) "Marijuana-Infused Products Manufacturing Facility" means an entity licensed by the department to acquire, store, manufacture, transport, and sell marijuana-infused products to a marijuana dispensary facility, a marijuana testing facility, or to another marijuana-infused products manufacturing facility, or as otherwise provided in this article.

(13) "Marijuana Microbusiness Facility" means an entity, majority owned and directly controlled by one or more Missouri residents that have lived in the state for at least one year prior to the date of application, licensed and/or certified to cultivate not more than one hundred and fifty flowering plants or one-thousand five hundred square feet of flowering canopy space, process, store, transport, sell and package the marijuana and marijuana-infused products it cultivates and processes as stated in this article, and/or to acquire, store, manufacture, transport, deliver, sell, or otherwise transfer marijuana and marijuana-infused products it possesses or obtains from other marijuana facilities, marijuana dispensary facilities and marijuana testing facilities, to other marijuana microbusiness facilities, consumers or as otherwise provided in this article.

(14) "Marijuana Testing Facility" means an entity certified by the department to acquire, test, certify, and transport marijuana.

(15) "Owner" means an officer, board member, or other individual who has a financial (other than a security interest, lien, or encumbrance) or voting interest in ten percent or greater of a marijuana facility.

(16) "Unduly burdensome" means that the measures necessary to comply with the rules or ordinances adopted pursuant to this section subject licensees or potential licensees to such a high investment of money, time, or any other resource or asset that a reasonably prudent businessperson would not operate the marijuana facility.

3. Limitations.

(1) Except as otherwise provided in this article, this section does not preclude, limit, or affect laws that assign liability relative to, prohibit, or otherwise regulate:

(a) Delivery or distribution of marijuana or marijuana accessories, with or without consideration, to a person younger than twenty-one years of age;

(b) Purchase, possession, use, or transport of marijuana or marijuana accessories by a person younger than twenty-one years of age;

(c) Consumption of marijuana by a person younger than twenty-one years of age;

(d) Operating or being in physical control of any motor vehicle, train, aircraft, motorboat, or other motorized form of transport while intoxicated by marijuana;

(e) Consumption of marijuana while operating or being in physical control of a motor vehicle, train, aircraft, motorboat, or other motorized form of transport while it is being operated;

(f) Smoking marijuana within a motor vehicle, train, aircraft, motorboat, or other motorized form of transport while it is being operated;

(g) Possession or consumption of marijuana or possession of marijuana accessories on the grounds of a public or private preschool, elementary or secondary school, institution of higher education, in a school bus, or on the grounds of any correctional facility;

(h) Smoking marijuana in a location where smoking tobacco is prohibited;

(i) Consumption of marijuana in a public place, other than in an area licensed by the department for consumption;

(j) Conduct that endangers others, including actions prohibited under existing consumer protection laws of this state as of the effective date of this section;

(k) Undertaking any task while under the influence of marijuana, if doing so would constitute negligence or professional malpractice, unless protected under existing law, this section or article; or

(l) Performing solvent-based extractions on marijuana using solvents other than water, glycerin, propylene glycol, vegetable oil, or food-grade ethanol, unless licensed for this activity by the department.

(2) This section does not limit any privileges, rights, immunities, or defenses of a person or entity as provided in section 1 of this article, or any other law of this state allowing for or regulating marijuana for medical use.

(3) This section does not require an employer to permit or accommodate conduct otherwise allowed by this section in any workplace or on the employer's property. This section does not prohibit an employer from disciplining an employee for violation of a workplace drug policy or for working while intoxicated by marijuana. This section does not prevent an employer from refusing to hire, discharging, disciplining, or otherwise taking an adverse employment action against a person with respect to hire, tenure, terms, conditions, or privileges of employment because of that person's violation of a workplace drug policy or because that person was working while intoxicated by marijuana.

(4) This section allows a person to prohibit or otherwise regulate the consumption, cultivation, distribution, processing, sale, or display of marijuana, marijuana-infused products, and marijuana accessories on private property the person owns, leases, occupies, or manages, except that a lease agreement executed after the enactment of this section may not prohibit a tenant from lawfully possessing and consuming marijuana by means other than smoking.

4. Regulation of Marijuana.

(1) In carrying out the implementation of this section, the department shall have the authority to:

(a) Grant or refuse state licenses for the cultivation, manufacture, dispensing, and sale of marijuana as provided by law; suspend, fine, restrict, or revoke such licenses upon a violation of this section or a rule promulgated pursuant to this section; and impose any reasonable administrative penalty authorized by this section or any rule promulgated pursuant to this section and its purposes;

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana and for the enforcement of this section so long as such rules are reasonable and not unduly burdensome;

(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section;

(d) Require a seed-to-sale tracking system that tracks marijuana from either the seed or immature plant stage until the marijuana or marijuana-infused product is sold to a consumer to ensure that no marijuana grown by a marijuana cultivation facility or marijuana microbusiness facility or manufactured by a marijuana-infused products manufacturing facility or marijuana microbusiness facility is sold or otherwise transferred to a consumer except by a marijuana dispensary facility, a marijuana microbusiness facility, or any other facility legally able to sell marijuana or medical marijuana under this article. The department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees;

(e) Issue standards for the secure transportation of marijuana and marijuana-infused products and medical marijuana and medical marijuana infused-products, including standards for transporting to and from facilities licensed under this article. The department shall certify entities that demonstrate compliance with its transportation standards to transport marijuana and marijuana-infused products to a marijuana cultivation facility, marijuana-infused products manufacturing facility, marijuana dispensary facility, marijuana microbusiness facility, marijuana testing facility, or any other entity with a license or transportation certification under this article. The department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity licensed or certified pursuant to this article shall be allowed to transport its own inventory and products in compliance with department transportation rules;

(f) Promulgate rules and emergency rules for licensing, regulation and oversight of marijuana microbusiness facilities in accordance with the purposes of this section, including the requirement that an entity holding a marijuana microbusiness facility license be majority owned and directly controlled by one or more Missouri residents that have been living in this state for at least one year prior to application, and for any other

requirements, obligations or rights of marijuana microbusinesses established pursuant to this section and article;

(g) Provide for the issuance of additional types or classes of licenses, with preference of licensure given to entities majority owned and directly controlled by Missouri residents that have been living in the state for at least three years prior to the date of application, including but not limited to, licenses to operate marijuana-related businesses that allow for limited processing, transportation, delivery and storage of marijuana, licenses for the consumption of marijuana within designated, age-restricted areas, licenses to applicants denied a license under section 1 of this article if doing so would further the purposes of this article, and licenses intended to facilitate scientific research, education and promotion of the cannabis industry in accordance with the purposes of this section;

(h) Prepare and transmit annually a publicly available report accounting to the governor, the general assembly, and the public for the efficient discharge of all responsibilities assigned to the department under this section;

(i) Establish a system to qualify marijuana license and certificate applicants, including qualifications for the following:

(i) The character, veracity, residency, and background of principal officers or managers;

(ii) The operating plan proposed by the applicant, including the ability to maintain public health and safety, accountability, procedures to prevent illegal product diversion and/or inversion, illegal sales, and other factors the department deems absolutely necessary to promote the purposes of this section:

(iii) In the case of marijuana testing facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and potency and health care industry experience;

(j) In reviewing applicants and awarding licenses and certificates, the department may consult or contract with other public agencies with relevant expertise regarding these factors.

(2) The department shall issue a marijuana facility license to each applicant that submits an operating plant and proof of compliance with rules and emergency rules promulgated in accordance with this section. The department shall review applications from any person or entity previously denied a license under this article prior to reviewing applications from other applicants.

(3) The department shall promulgate rules and emergency rules establishing a system in which any qualified entity majority owned and directly controlled by one or more Missouri residents living in the state for at least one year prior to the date of application, be granted a marijuana microbusiness license in accordance with the purposes of this section.

(4) The department shall issue rules or emergency rules necessary for the implementation and enforcement of this section and ensure the right to, availability, and safe use of marijuana by consumers in accordance with the purposes of this section. In developing such rules or emergency rules, the department may consult or contract with other public agencies. The department may, but is not required to, consider the following subjects when promulgating rules or emergency rules only when necessary for implementation of this section and if in furtherance of the purposes of this section:

(a) Procedures for issuing a license and for renewing, suspending, and revoking a license;

(b) Qualifications for licensure that are directly and demonstrably related to the operation of a marijuana facility;

(c) Requirements and standards for safe cultivation, processing, and distribution of marijuana and marijuana-infused products by marijuana facilities, including health standards to ensure the safe preparation of marijuana-infused products and prohibitions on pesticides that are not safe for use on marijuana;

(d) Testing, packaging, and labeling standards, procedures, and requirements for marijuana and marijuana-infused products and a requirement that a representative sample of marijuana be tested by a marijuana testing facility to ensure public health;

(e) Labeling standards that protect public health by requiring the listing of pharmacologically active ingredients, including, but not limited to, tetrahydrocannabinol (THC), cannabidiol (CBD), and other cannabinoid content, the THC and other cannabinoid amount in milligrams per serving, the number of servings per package, and quantity limits per sale to comply with the allowable possession amount;

(f) Requirements that packaging and labels shall not be made to be attractive to children, required warning labels, and that marijuana and marijuana-infused products be sold in resealable, child-resistant packaging to protect public health;

(g) Security requirements, including lighting, physical security, and alarm requirements, and requirements for securely transporting marijuana between marijuana facilities;

(h) Record keeping requirements for marijuana facilities and monitoring requirements to track the transfer of marijuana by licensees;

(i) Restrictions on advertising, marketing, and display of marijuana, marijuana-infused products, marijuana accessories, and marijuana facilities;

(j) A plan to promote and encourage ownership and employment in the marijuana industry by people from political subdivisions and districts that are economically distressed and to positively impact those political subdivisions and districts;

(k) Administrative penalties for failure to comply with any rule promulgated pursuant to this section or for any violation of rules and regulations adopted pursuant to this section by a licensee, including administrative fines and suspension, revocation, or restriction of

a license. The licensee may choose to challenge any penalties imposed by the department through the Administrative Hearing Commission, or its successor entity. Pursuant to § 536.100 R.S.Mo., or successor provisions, any licensee who has exhausted all administrative remedies provided by law and who is aggrieved by a final decision in a contested case is entitled to judicial review;

(l) Reporting and transmittal of tax payments required under this section;

(m) Authorization for the department of revenue to have access to licensing information to ensure tax payment and the effective administration of this section;

(n) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(5) The department shall issue rules or emergency rules for marijuana and marijuana-infused products independent testing and certification program for marijuana facility licensees and requiring licensees to test marijuana using one or more impartial, independent laboratory or laboratories to ensure, at a minimum, correct labeling, potency measurement, and that products sold for human consumption do not contain contaminants that are potentially injurious to public health.

(6) The department shall issue rules or emergency rules to provide for the certification of and standards for marijuana testing facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The department shall certify, if possible. at least two entities as marijuana testing facilities. No marijuana testing facility shall be owned by an entity under common control, ownership, or management, directly or indirectly, as a marijuana cultivation facility, marijuana-infused products manufacturing facility, marijuana microbusiness facility, marijuana facility or other facility, individual or entity licensed or certified pursuant to this section.

(7) All public records produced or retained pursuant to this section are subject to the general provisions of the Missouri Sunshine Law, as amended from time to time. Notwithstanding the foregoing, public records containing proprietary business information obtained from an applicant or licensee are subject to closure. The applicant or licensee shall label business information it believes to be proprietary prior to submitting it to the department. Proprietary business information shall include sales information, financial records, tax returns, credit reports, cultivation information unrelated to product safety. testing results unrelated to product safety, site security information and plans, and individualized consumer information. The presence of proprietary business information shall not justify the closure of public records:

(a) Identifying the applicant or licensee;

(b) Relating to any citation, notice of violation, tax delinquency, or other enforcement action;

(c) Relating to any public official's support or opposition relative to any applicant, licensee, or their proposed or actual operations;

(d) Where disclosure is reasonably necessary for the protection of public health or safety; or

(e) That are otherwise subject to public inspection under applicable law.

(8) Within two hundred and seventy days of the effective date of this section, the department shall make available to the public license application forms and application instructions, which are not unduly burdensome, for marijuana cultivation facilities, marijuana testing facilities, marijuana dispensary facilities, marijuana microbusiness facilities, marijuana-infused products manufacturing facilities, and any other license types and certifications it deems necessary to promote the purposes of this section. The department shall consider the financial impact on applicants previously denied licensure under this article, costs of reevaluating a similar application submitted by the same entity under this article and the non-refundable fees paid by applicants denied a license under this article when establishing rules and emergency rules for licensure requirements, fees, application procedures and instructions for licensure under this section.

(9) An entity, including its associated or affiliated entities, directly or indirectly, may apply to the department for only one and obtain only one license to grow cannabis as a cannabis cultivation facility. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. During the first three-year licensing period, the facility shall be limited by the department to one thousand flowering plants or ten thousand square feet of flowering canopy. In subsequent years, the facility shall be limited by the department to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The department shall charge each applicant a non-refundable application fee of three thousand dollars and a non-refundable license renewal fee of three thousand dollars. Annual fees shall be assessed at the rate of one dollar per square foot or at a rate of ten dollars per plant. Application, annual, and license renewal fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency.

(10) An entity, including its associated or affiliated entities, may apply to the department for only three and obtain only three licenses to operate a marijuana dispensary facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of three thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than three marijuana dispensary facility licenses.

(11) An entity, including its associated or affiliated entities, directly or indirectly, may apply to the department for only three and obtain only three licenses to operate a marijuana-infused

products manufacturing facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of three thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than three marijuana-infused products manufacturing facility licenses.

(12) An entity, including its associated or affiliated entities, directly or indirectly, may apply to the department for only one and obtain only one license to operate a marijuana microbusiness facility. A marijuana microbusiness facility license shall allow the licensee to be vertically integrated, including but not limited to, cultivating, processing, storing, manufacturing, transferring, transporting and dispensing marijuana, medical marijuana, and the products made therefrom. A marijuana microbusiness facility may be integrated in any way consistent with and allowed under this section. A marijuana microbusiness facility licensee may engage in all of the activities allowed under the license or it may apply for and engage in a subset of the activities allowed, if the applicant or license holder so chooses. A marijuana microbusiness facility licensee may sell marijuana it cultivates, processes, manufactures, and packages to any marijuana dispensary facility, any other marijuana microbusiness facility, directly to consumers, or to any other facility or individual able to purchase under this article. A marijuana microbusiness facility may also process, manufacture, store, acquire, sell, transfer or otherwise distribute, marijuana and marijuana-infused products it obtains from another marijuana microbusiness facility or any other facility or individual licensed or certified under this article so long as in compliance with other requirements of this section and article. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of one thousand five hundred dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of one thousand five hundred dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of one thousand five hundred dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than one marijuana microbusiness facility license. An owner of a marijuana microbusiness facility may not also be an owner of another licensed marijuana facility or medical marijuana facility regulated under this article. However, the owner of a marijuana microbusiness facility may apply for a license or licenses for other marijuana or medical marijuana facilities under this article. If granted one or more of these licenses, the marijuana microbusiness facility owner may transition to other licensed operations on a reasonably practical timetable established by the department. In addition to the requirements in this subsection (12), a marijuana micro business facility must obtain a certification as required per this section.

(13) Any entity holding a marijuana microbusiness facility license must be at least seventy-five percent owned and directly controlled by one or more natural persons that have been living in the state of Missouri for at least one year prior to the date of application. Marijuana microbusiness facilities may, but shall not be required to, obtain a certification issued by the department, or any entity or organization designated by the department, attesting to the qualifications of the entity, compliance with department and industry safety, health, ethical and traditionally recognized standards of the cannabis industry, and/or the quality of its marijuana and/or marijuana-infused products.

(14) The department shall begin accepting license and certification applications for marijuana dispensary facilities, marijuana testing facilities, marijuana cultivation facilities, marijuana-infused products manufacturing facilities, marijuana microbusiness facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than two hundred and seventy days after the effective date of this section. Applications for licenses under this section shall be approved or denied by the department no later than ninety days after their submission. If the department fails to carry out its non-discretionary duty to approve or deny an application within ninety days of submission, an applicant may immediately seek a court order compelling the department to approve or deny the application.

(15) The department shall issue marijuana facility licenses in a manner providing special and additional consideration to applicants denied a commercial license under section 1 of this article. Licensees under section 1 of this article may apply for and obtain only one of the same or similar license type under this section. An applicant, including affiliated entities, not awarded any licensure under section 1 shall receive a credit from the department in the amount of any paid non-refundable fees required under section 1 and that credit shall only be applied to the initial application submission process in this section. Subdivision (15) of this subsection shall expire five hundred and fifty days after the effective date of this section.

(16) The department shall ensure rules and emergency rules promulgated under this section incorporating existing environmental and waste disposal laws of this state. The department shall establish a cannabis special waste rule to assist marijuana facilities, marijuana related businesses and ancillary industries comply with all rules and emergency rules promulgated under this section. The department may promulgate rules and emergency rules establishing a special waste permitting or certification program, if necessary, to ensure public health and safety.

(17) A prospective applicant for a license pursuant to subdivision (15) may notify the department of their intent to apply and prefile their application fee with the department by February 1, 2021.

(18) Notwithstanding the provisions of section 1 of this article, if an existing medical marijuana dispensary facility is located in a jurisdiction that prohibits marijuana dispensary facilities under this section, or is otherwise prevented from operating a marijuana dispensary facility at the same location as the existing medical marijuana dispensary facility, the medical marijuana dispensary facility applicant may apply to the department for a marijuana dispensary license pursuant to subdivision (15) of this subsection in a new location, and such application shall be granted so long as the applicant meets all the requirements of this section and department regulation. If an existing medical marijuana dispensary facility is located in a jurisdiction that temporarily prohibits non-medical retail marijuana facilities prior to November 3, 2020, and the medical

marijuana dispensary facility does not apply to open a marijuana dispensary facility in a new location, the medical marijuana dispensary facility may apply to the department for a marijuana dispensary facility license after November 3, 2020, and if the temporary prohibition is not permanently enacted, such application shall be granted, so long as the applicant meets all the requirements of this section and department regulation.

(19) Notwithstanding the provisions of section 1 of this article, three years after receiving a marijuana dispensary facility license pursuant to subdivision (15), a marijuana dispensary facility may apply to the department for permission to relocate the marijuana dispensary facility to a new location.

(20) The department shall issue licenses for marijuana microbusiness facilities to all qualified and certified applicants. Certifications will only be required if determined necessary by the department. If a certification process is determined necessary, it must be promulgated in accordance with the purposes of this section.

(21) The department shall not issue or deny any license if doing so is not in furtherance of the purposes of this article and article II of this constitution.

(22) The department may promulgate rules allowing for the sale, distribution, transport and transfer of marijuana and marijuana-infused products by facilities licensed under this section to facilities licensed under section 1 of this article, if doing so promotes the purposes of this article. The department shall promulgate rules ensuring qualifying patients and qualifying primary caregivers licensed, certified, or otherwise allowed to purchase medical marijuana under section 1 have access to purchase marijuana from facilities licensed under this section. Rules promulgated under this subsection (22) must ensure marijuana transferred pursuant to this section meets the same safety, health and quality standards as required for marijuana cultivated, processed, and sold to qualifying patients and primary caregivers pursuant to section 1 of this article

(23) The department may not promulgate a rule prohibiting a marijuana facility from operating at the same location as a medical marijuana facility of the same license type operating pursuant to section 1 of this article.

(24) Marijuana facilities licensed to distribute marijuana, marijuana-infused products, and marijuana accessories directly to consumers pursuant to this section may also distribute marijuana, marijuana-infused products, and marijuana accessories to qualifying patients and primary caregivers licensed or overwise allowed to purchase medical marijuana under section 1 of this article.

(25) The department, or a designated association or entity, may charge a fee not to exceed one hundred dollars for all certifications deemed necessary and/or required for marijuana microbusiness facilities. The department may not charge more than five thousand dollars for any other certification issued pursuant to this section.

(26) Until such time that federal law permits otherwise, all marijuana sold in Missouri pursuant to this article shall be cultivated in Missouri. If allowed by federal law, marijuana may be exported from Missouri in accordance with department regulations. If allowed by federal law,

the department may promulgate rules related to the import and export of marijuana and shall promulgate a rule requiring that all marijuana flower imported into Missouri be tested by a certified marijuana testing facility or certified medical marijuana testing facility located in Missouri and comply with Missouri testing standards.

(27) Until such time that federal law permits otherwise, all marijuana-infused products sold in Missouri pursuant to this article shall be manufactured in Missouri. If allowed by federal law, marijuana-infused products may be exported from Missouri in accordance with department regulations. If allowed by federal law, the department may promulgate rules related to the import and export of marijuana-infused products in accordance with the purposes of this section.

(28) The denial of a license or license renewal by the department shall be appealable. The applicant may choose to challenge any denial by the department through the Administrative Hearing Commission, or successor entity. Pursuant to § 536.100 R.S.Mo., or successor provisions, any licensee who has exhausted all administrative remedies provided by law and who is aggrieved by a final decision in a contested case is entitled to judicial review.

(29) No elected official shall interfere directly or indirectly with the department's obligations and activities under this section.

(30) To minimize the potential for undue political influence in awarding licenses, the department shall review license applications using reasonable safeguards that ensure the identity of the applicant and its principal owners, officers and managers are not identified to the application reviewers.

(31) Unless otherwise provided in this section, the department shall have sole authority in this state to issue licenses, certifications, registrations or requirements for marijuana facilities, consumers, and marijuana testing facilities.

(32) The department shall not have the authority to promulgate, apply, or enforce any rule or regulation that is unduly burdensome or act to undermine the purposes of this section.

5. Local Control.

(1) Except as provided in this subsection, a local government may prohibit the operation of all non-medical retail marijuana facilities regulated under this section from being located within its jurisdiction through voter approval of a ballot question submitted to the qualified voters of the local government, provided that any ballot measure shall be voted on only during the regularly scheduled general election held on the first Tuesday after the first Monday in November of an even-numbered year starting in 2022, thereby avoiding any additional local governmental cost or expense. Until the first general election following the general election held November 3, 2020, a local government may through local ordinance temporarily prohibit non-medical retail marijuana facilities regulated under this section from being located within its jurisdiction. When a ballot question prohibiting non-medical retail marijuana facilities regulated under this section is submitted to voters, the following question shall be presented to the voters in the area subject to the prohibition, "Shall (insert name of local government) ban all non-medical retail marijuana facilities from being located within (insert name of local government and, where applicable, its "unincorporated areas") and forgo any additional related local tax revenue? ( ) Yes () No." If a

majority of the votes cast on the question by the qualified voters voting thereon are in favor of the question, then the ban shall go into effect as provided by law. If a question receives less than the required majority, then the jurisdiction shall have no power to ban new non-medical retail marijuana facilities regulated under this section, unless voters at a subsequent election on the first Tuesday after the first Monday in November of an even-numbered year approve a ban on new non-medical retail marijuana facilities submitted to them by the governing body. A local government may repeal an existing ban by its own ordinance or by a vote of the people, either through referral of a ballot question to the voters by the governing body or through citizen petition. In the case of a referral of a ballot question by the governing body or citizen's petition to repeal an existing ban, the question shall be voted on only during the regularly scheduled general election held on the first Tuesday after the first Monday in November of an even-numbered year. A citizen's petition to repeal an existing ban shall be signed by at least five percent of the qualified voters in the area subject to the ban, determined on the basis of the number of votes cast for governor in such locale at the last gubernatorial election held prior to the filing of the petition. The local government shall count the petition signatures and give legal notice of the election as provided by applicable law. Denial of ballot access shall be subject to judicial review. Whether submitted by the governing body or by citizen's petition, the question shall be submitted in the following form: "Shall (insert name of local government) allow non-medical retail marijuana facilities to be located within (insert name of local government and where applicable, its "unincorporated areas") as regulated by state law? ( ) Yes ( ) No." If a majority of the votes cast on the question by the qualified voters voting thereon are in favor of the question, then the ban shall be repealed.

(2) Unless allowed by the local government, no new marijuana facility shall be initially sited within one thousand feet of any then-existing elementary, preschool or secondary school, child day-care center, or church. The only local government ordinances and regulations that are binding on a marijuana facility are those of the local government where the marijuana facility is located. Except as otherwise provided in this subsection, no local government shall prohibit marijuana facilities or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a marijuana facility or entity holding a transportation certification that may operate in such locality.

6. Taxation and Reporting.

(1) A tax shall be levied upon the retail sale of non-medical marijuana sold to consumers at marijuana facilities licensed pursuant to this section within the state. The tax shall be at a rate of ten percent of the retail price or at a rate of one percent less than the current rate established for tobacco products in this state, whichever is less. The tax shall be collected by each licensed non-medical retail marijuana facility and paid to the department of revenue. After retaining no more than two percent of the total tax collected or its actual collection costs, whichever is less, amounts generated by the tax levied in this section shall be deposited by the department of revenue into the "Veterans, Education, Public Welfare, Infrastructure, and Health Fund" created

under this subsection. Licensed entities making non-medical retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Veterans, Education, Public Welfare, Infrastructure, and Health Fund" which shall consist of taxes and fees collected under this section. The state treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The commissioner of administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall be distributed as follows:

(a) First, to the department, an amount necessary for the department to carry out this section, including repayment of any cash operating transfers, payments made for or through contract or agreement for issuing standards and requirements promulgated pursuant to this section, reviewing applications and verifying compliance with this section, creating safety standards, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section;

(b) Next, distributed to the local government where the retail sale occurred, three-fifteenths of the remaining fund balance.

(c) After the distribution to the local government where the retail sale occurred, the remaining fund balance shall be distributed as follows:

(i) One-sixth of the remainder of the fund balance shall be transferred to the Missouri veterans commission and allied state agencies, as determined by appropriation, exclusively for health care and other services for military veterans and their dependent families;

(ii) One-twelve of the remainder of the fund balance to the State Road Fund created under article IV, section 30b of this Constitution for constructing and maintaining an adequate system of connected state highways; and

(iii) One-sixth of the remainder of the fund balance to the department to provide grants to existing agencies and community-based not-for-profits, to increase access to evidence-based low-barrier drug addiction treatment, prioritizing medically proven treatment and overdose prevention and reversal methods and public or private treatment options with an emphasis on reintegrating recipients into their local communities, to support overdose prevention education, and to support job placement, housing, and counseling for those with substance use disorders or similar disabilities.

Agencies and organizations serving populations with the highest rates of drug-related overdose shall be prioritized to receive the grants.

(iv) One-sixth of the remainder of the fund to provide funding to local agencies, subagencies and/or other governmental or non-profit organizations directly funding educational expenses and costs of public schools in Missouri school districts, with preference given to communities highest percentages of economically disadvantaged families, persons and/or children; and

(v) One-sixth of the remainder of the fund to provide funding to local, community-based non-profits providing food, housing and employment aid to economically disadvantaged persons in their respective local communities, with preference given to populations with highest percentages of economically disadvantaged families, children and students.

(d) All monies from the taxes and fees authorized hereunder shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana, a record shall be kept by the seller of all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected, and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the department and the department of revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from and in addition to any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection. no additional taxes shall be imposed on the sale of marijuana.

(6) The fees and taxes provided for in this section shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

7. Additional Protections.

(1) A marijuana testing facility shall not be subject to criminal prosecution, denial of any right or privilege, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(2) An attorney, and his or her firm, shall not be subject to legal liability, or disciplinary action by the state bar association or other professional licensing body for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to any person related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(3) Actions and conduct by marijuana facilities licensed or otherwise certified by the department, or their employees or agents, as permitted by this section and in compliance with department regulations and other standards of legal conduct, shall not be subject to criminal liability or sanctions under Missouri law, except as provided for by this section. To ensure protection of public health and welfare, any consumer, qualifying patient, primary caregiver, certificate holder, applicant or licensee harmed as a result of a violation of the provisions of this section shall be entitled to compensation and reasonable costs, including expenses, attorneys' fees and costs to remedy the harm, and as authorized under existing consumer protection laws as of the effective date of section 1 of this article.

(4) The department may not promulgate a rule that requires a consumer to provide a marijuana facility with identifying information other than identification to determine the consumer's age.

(5) It is the public policy of the state of Missouri that contracts related to marijuana that are entered into by marijuana facilities and those who allow property to be used by those entities should be enforceable. It is the public policy of the state of Missouri that no contract entered into by marijuana facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to marijuana may be prohibited by federal law.

8. Legislation.

Nothing in this section shall limit the general assembly from enacting laws consistent with the purposes of this section.

9. Additional Provisions.

(1) No owner of a marijuana facility or entity with a transportation certification shall be an individual with a disqualifying felony offense. A "disqualifying felony offense" is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the department determines that:

(a) The person's conviction was for a marijuana offense, other than provision of marijuana to a minor; or

(b) The person's conviction was for a non-violent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from Parole or probation, and he or she has not been convicted of any subsequent criminal offenses.

The department may consult with and rely on the records, advice, and recommendations of the attorney general and the department of public safety, or their successor entities, in carrying out the provisions of this subdivision.

(2) All marijuana facilities and certificates shall be held by entities that are at least fifty-five percent owned and directly controlled by natural persons who have been residents of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, persons or entities outside the state of Missouri may own a non-controlling minority stake, indirectly, in such entities. By rule, the department may adjust the percentage of ownership required by residents of the state of Missouri, only if in accordance with the purpose of this section. Owners licensed pursuant to this section shall submit fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol, if necessary, shall forward the fingerprints to the Federal Bureau of Investigation (FBI) for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted pursuant to § 43.543 R.S.Mo., or successor provisions, and fees shall be paid pursuant to § 43.530 R.S.Mo., or successor provisions.

(3) No marijuana facility shall manufacture, package, or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between marijuana or a marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional department sanction up to and including loss of license.

(4) No marijuana facility may sell edible marijuana-infused candy in shapes or packages that are attractive to children or that are easily confused with commercially sold candy that does not contain marijuana.

(5) All marijuana and marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with serving amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled, as mandated by the department, as containing "Marijuana" or a "Marijuana-Infused Product." Violation of this subdivision shall subject the violator to department sanctions, including an administrative penalty.

(6) A marijuana facility may not allow cultivation, manufacturing, sale, or display of marijuana, marijuana-infused products, or marijuana accessories to be visible from a public place outside of the marijuana facility without the use of binoculars, aircraft, or other optical aids.

(7) A marijuana facility may not cultivate, manufacture, test, sell, or store marijuana at any location other than a physical address approved by the department and within an enclosed area that is secured in a manner that prevents access by persons not permitted by the marijuana facility to access the area.

(8) A marijuana facility shall secure every entrance to the facility so that access to areas containing marijuana is restricted to employees and other persons permitted by the marijuana facility to access the area and to agents of the department or state and local law enforcement

officers and emergency personnel and shall secure its inventory and equipment during and after operating hours to deter and prevent theft of marijuana, marijuana-infused products, and marijuana accessories.

(9) No marijuana facility may refuse representatives of the department the right to inspect the licensed premises or to audit the books and records of the marijuana facility. A facility that holds licenses issued under sections 1 and 2 of this article shall comply with inspection regulations and standards issued pursuant to both sections.

(10) No marijuana facility may allow a person under twenty-one years of age to volunteer or work for the marijuana facility, unless permitted by department regulation.

(11) No marijuana facility, or entity with a certification, shall assign, sell, give, lease, sublicense, or otherwise transfer its license or certificate to any other entity without the express consent of the department, not to be unreasonably withheld.

(12) To the fullest extent allowed by the Constitution of the United States, the Constitution of Missouri, and federal law, no unsolicited internet pop-up advertisements, banners on mass-market websites, unsolicited leaflets or handbills, or unsolicited direct mail advertisements for marijuana, marijuana-infused products, or marijuana accessories are permitted, and no off-site advertisement or marketing for marijuana, marijuana-infused products, or marijuana accessories may be placed on any billboard within the state or in any location exposed to view from a public place within one thousand feet of an elementary, preschool or secondary school, child daycare center, or church.

(13) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.

(14) No person shall extract resins from marijuana using dangerous materials or combustible gases without a marijuana-infused products manufacturing facility license or a marijuana microbusiness license that allows for this activity. Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty and, if applicable, loss of certificate or license for up to one year.

10. Personal Use of Marijuana.

(1) Subject to the limitations in subsection 3 of this section, the following acts by a person at least twenty-one years of age are not unlawful and shall not be an offense under state law or the laws of any local government within the state or be a basis to impose a civil fine, penalty, or sanction, or be a basis to detain, search, or arrest, or otherwise deny any right or privilege, or to seize or forfeit assets under state law or the laws of any local government:

(a) Possessing, using, ingesting, inhaling, processing, transporting, delivering without consideration, or distributing without consideration one ounce or less of marijuana, except that not more than the equivalent of one ounce of marijuana, as determined by the department, may be in a concentrated form;

(b) Possessing, planting, cultivating, harvesting, drying, processing, or manufacturing one-half the number of plants a qualifying patient is permitted to cultivate pursuant to section 1 of this article and department regulation, provided:

a. The plants and any marijuana produced by the plants in excess of one ounce are kept at one private residence, are in a locked space, and are not visible by normal, unaided vision from a public place; and

b. Not more than twice the number of allowable plants under paragraph (b) of this subdivision are kept in or on the grounds of a private residence at one time.

(c) Assisting another person who is at least twenty-one years of age in, or allowing property to be used for, any of the acts permitted by this section; and

(d) Possessing, using, delivering, distributing, manufacturing, transferring, or selling to persons twenty-one years of age or older marijuana accessories.

(2) A person who, pursuant to this section, cultivates marijuana plants that are visible by normal, unaided vision from a public place is subject to a civil penalty not exceeding two hundred and fifty dollars and forfeiture of the marijuana.

(3) A person who, pursuant to this section, cultivates marijuana plants that are not kept in a locked space is subject to a civil penalty not exceeding two hundred and fifty dollars and forfeiture of the marijuana.

(4) A person who smokes marijuana in a public place, other than in an area licensed for such activity by the department, is subject to a civil penalty not exceeding one hundred dollars.

(5) A person who is under twenty-one years of age who possesses, uses, ingests, inhales, transports, delivers without consideration or distributes without consideration two ounces or less of marijuana, or possesses, delivers without consideration, or distributes without consideration marijuana accessories is subject to a civil penalty not to exceed one hundred dollars and forfeiture of the marijuana. Any such person shall be provided the option of attending up to four hours of drug education or counseling in lieu of the fine.

(6) Subject to the limitations of this section: a person who possesses not more than twice the amount of marijuana allowed pursuant to this subsection, produces not more than twice the amount of marijuana allowed pursuant to this subsection, delivers without receiving any consideration or remuneration to a person who is at least twenty-one years of age not more than twice the amount of marijuana allowed by this subsection, or possesses with intent to deliver not more than twice the amount of marijuana allowed by this subsection:

(a) For a first violation, is subject to an infraction punishable by a civil penalty not exceeding two hundred and fifty dollars and forfeiture of the marijuana;

(b) For a second violation, is subject to an infraction punishable by a civil penalty not exceeding five hundred dollars and forfeiture of the marijuana;

(c) For a third or subsequent violation, is subject to a misdemeanor punishable by a fine not exceeding one-thousand dollars and forfeiture of the marijuana; and

(d) For a person under twenty-one years of age, is subject to a civil penalty not to exceed two hundred and fifty dollars. Any such person shall be provided the option of attending up to eight hours of drug education or counseling in lieu of the fine.

(7) Any person currently serving a sentence for a conviction, whether by trial, open or negotiated plea or otherwise, who would not have been guilty of an adult or juvenile offense, or who would have been guilty of a lesser adult or juvenile offense had sections 1 and 2 of this article been in effect at the time of the offense, may petition for a recall or dismissal of sentence before the trial court that entered the judgement of conviction in the person's case to request resentencing or dismissal consistent with sections 1 and 2 of this article with credit for time and supervision period already served and such petition shall be granted.

(8) A person arrested, charged, or found guilty, whether by trial, open or negotiated plea or otherwise, for any offense that is no longer a crime after the effective dates of sections 1 and 2 of this article shall have the right to apply for expungement upon the effective date of this section and such expungement shall be granted and the records expunged from all government records. The effect of such order shall be to restore such person to the status the person occupied prior to such arrest, plea or conviction and as if such event had never taken place. No person for whom such order has been entered shall be held thereafter under any provision of any law to be guilty of perjury or otherwise giving a false statement by reason of the person's failure to recite or acknowledge such arrest, plea, trial, conviction, or expungement in response to any inquiry made of the person for any purpose whatsoever, and no such inquiry shall be made for information relating to an expungement.

(9) A person shall not be denied adoption, custody, or visitation rights relative to a minor solely for conduct that is permitted by this section, unless not in the best interests of the child as determined by other applicable laws and procedures unrelated to marijuana.

(10) No person shall be denied access to or priority for an organ transplant for conduct that is permitted by this section.

11. Severability.

The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.

12. Effective Date.

The provisions of this section shall become effective on December 3, 2020. as provided by this Constitution.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 6, 2020

RECEIVED
JAN 06 2020
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from James Owen regarding a proposed statutory amendment to Chapter 393, version 3 (2020-144)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by James Owen on January 3, 2020.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2020 JAN -3 PM 4:22
SEC OF STATE

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ _____ _____
Signature of Affiant (Person obtaining signatures) (Printed Name of Affiant) Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 202_.

_____ _____
Signature of Notary Address of Notary

Notary Public (Seal) My commission expires _____

Be it enacted by the people of the state of Missouri:

Sections 393.1025 through 393.1030, RSMo. are amended to read as follows:

393.1025. As used in sections 393.1020 to 393.1030, the following terms mean:

(1) "Commission", the public service commission;

(2) "Department", the department of [economic development] natural resources;

(3) "Electric utility", any electrical corporation as defined by section 386.020;

(4) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; [and]

(5) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water [and that has a nameplate rating capacity of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources,] and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the department[.]; and

(6) "Solar renewable energy credit" or "SREC", renewable energy credits or RECs representing that electricity has been generated from solar photovoltaic cells and panels, which can be used to demonstrate compliance with both the general portfolio requirements and the specific solar requirements of section 393.1030.1.

393.1030. 1. The commission shall, in consultation with the department, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirement shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

(1) No less than [two] twenty percent for calendar years [2011] 2022 through [2013] 2024;

(2) No less than [five] twenty-five percent for calendar years [2014] 2025 through [2017] 2027;

(3) No less than [ten] thirty percent for calendar years [2018] 2028 through [2020] 2030; [and]

(4) No less than thirty-five percent for calendar years 2031 through 2033;

(5) No less than forty percent for calendar years 2034 through 2036;

(6) No less than forty-five percent for calendar years 2037 through 2039; and

[(4)] (7) No less than [fifteen] fifty percent [in each] for calendar year [beginning in 2021] 2040 and each year thereafter.

At least [two] five percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. The commission, in consultation with the department and within one year of November 4, 2008, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may comply with the standard in whole or in part by retiring or purchasing RECs, provided that such RECs are associated with electricity produced or procured by the electric utility and sold to Missouri customers. An electric utility may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the department is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates

shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the department to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the division of energy solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

3. [As provided for in this section, except for those electrical corporations that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection 2 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection 2 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.] Solar renewable energy credits tariff requirement.

(1) By April 15, 2021, each electric utility shall submit a tariff to the commission for a solar renewable energy credit program, wherein the electric utility shall offer to purchase SRECs from the electric utility's customers who have installed or plan to install solar photovoltaic systems on their premises. The commission shall approve an electric utility's SREC program tariff within sixty days of submittal so long as it complies with the requirements of this section and whatever modification which the commission deems appropriate. The commission shall provide an opportunity for the staff for the commission, the office of public counsel, the department, and other interested parties to submit comments on each electric utility's proposed tariff.

(2) For customer-generators with systems of ten kilowatts or less, the tariff shall make an offer to purchase ten years of SRECs in a single upfront payment, due within thirty days of the system becoming operational. For customer-generators with a system size of greater than 10 kilowatts, the tariff shall offer annual payments for SRECs for a period of ten years, with payments due on April 15 of each calendar year. No revenue meter reading shall be required from the customer-generator prior to the electric utility making annual SREC payments.

(3) In determining the appropriate compensation amount for SRECs, the commission shall consider market conditions influencing the value of SRECs in the state of Missouri, including the electric utility's need to comply with the requirements of subsection 1 of this section, and the relative costs of procuring RECs and SRECs from other renewable energy sources. Each electric utility shall submit an updated SREC tariff program to the commission on April 15 of each calendar year.

(4) An electric utility shall not count the funds spent in purchasing SRECs from customers pursuant to this subsection towards its calculation of the maximum average retail rate impact of one percent as required by subdivision (1)

of subsection 2 of this section. An electric utility shall continue to offer to purchase SRECs from customer-generators pursuant to this subsection until the total amount of SRECs purchased in a calendar year equals one half of one percent of the total electricity sold by the electric utility in the previous calendar year.

4. The department shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

5. In carrying out the provisions of this section, the commission and the department shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.

6. The commission shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2013, shall be invalid and void.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-144)

Subject

Initiative petition from James Owen regarding a proposed amendment to Chapter 393 of the Revised Statutes of Missouri. (Received January 6, 2020)

Date

January 27, 2020

Description

This proposal would amend Chapter 393 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and the **Missouri Joint Municipal Electric Utility Commission**.

James Owen provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may be required to request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact as a result of the proposed initiative petition.

Officials from the **Department of Elementary and Secondary Education** indicated no impact to their department.

Officials the **Department of Higher Education and Workforce Development** indicated no impact to their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated:

Office of Public Counsel (OPC):
This petition, if passed, will have a cost to the Office of the Public Counsel. Their office would need an additional auditor to review the program expenditures, at a cost of approximately $60,000.

Public Service Commission (PSC):
This petition, if passed, will have a cost to the Public Service Commission. In order for the Commission to determine, within the specified timeframe, whether the electric utilities' Solar Renewable Energy Credit (S-REC) tariff(s) comply with this section, the Commission staff would have to complete its analysis of compliance within 30-45 days. This analysis might necessitate the need for additional staff resources. Accordingly, the PSC may need to request one additional full-time employee (a Utility Regulatory Engineer I or a Regulatory Economist III). There are also additional costs to the PSC associated with the required tariff filings of approximately $3,700. Both the costs for the filings as well as for the full-time employee are estimated to be approximately $83,500 ongoing annual costs.

Additionally, the proposal will also require at least one, but perhaps two, rulemakings at an estimated one-time cost to the PSC of up to approximately $8,600.

All other DCI Divisions:
This petition, if passed, will have no cost or savings to the remaining divisions within the Department of Commerce and Insurance.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated the fiscal impact is unknown. They are unable to estimate the impact of this legislation on their utility costs. However, based on research, including research completed by the Heritage Foundation, the proposed regulatory changes would be difficult to implement and could significantly increase costs to their department.

Officials from the **Department of Labor and Industrial Relations** indicated they anticipate no fiscal impact for this initiative petition.

Officials from the **Department of Revenue** indicated this initiative petition will have a fiscal impact on their department.

Revenue Impact

This proposal requires that electric companies must purchase or generate electricity from renewable energy sources. Those sources include solar and wind production and do not include coal or nuclear power (by which most electricity is generated). Currently there is one solar farm being built in Missouri and 6 wind farms, which would not generate enough to meet the requirements of this proposal. Therefore, this proposal could potentially result in higher utility costs for their department. The impact at this time is unknown.

Officials from the **Department of Public Safety - Office of the Director** indicated no impact for their department.

Officials from the **Department of Social Services** indicated this initiative petition should have no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition would not have a fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal would change the renewable energy statutes enacted pursuant to the Missouri Clean Energy Act (Proposition C) in November 2008. This should have no impact on Total State Revenue or the calculation under Article X, Section 18(e) of the Missouri Constitution.

The Division of Facilities Management, Design & Construction (OA-FMDC) assumes that Missouri electric providers would be required to install new renewable energy sources to meet the requirements of this petition. According to the United States Energy Information Administration, renewable energy resources accounted for only 5.5% of Missouri's net electricity generation in 2018. https://www.eia.gov/state/?sid=MO. OA-FMDC assumes that capital costs for installing renewable energy equipment would make it more costly for electric providers to meet the requirements of this petition and that some of those costs would be passed along to consumers.

For the Office of Administration, OA-FMDC assumes that this petition would result in higher electricity costs for state facilities; however, OA-FMDC has no way of calculating how much that increase would be.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to their office for Administrative Rules is less than $5,000. Their office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year (FY) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from **St. Louis County** indicated they see no fiscal impact on the operations of their county government were Chapter 393, RSMo amended as proposed.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they are unable to determine what, if any, fiscal impact this petition will have on their school district.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated additional expenses are always passed down to the consumer (assuming the electric utilities have additional expense converting energy sources). Without knowing the cost to the utility company(ies) and the downhill affect, it is difficult to know how it will affect Metropolitan Community College (MCC). Last fiscal year (7/1/18-6/30/19), MCC paid $2.3 million for electricity. The smallest increase could easily have a significant impact. For example, a 1% increase would result in $23,000 ongoing additional expense.

James Owen provided the following information:

January 6t, 2020

Renew Missouri Advocates, Inc.
409 Vandiver, Building 5, Suite 205
Columbia, Missouri 65202

State Auditor's Office
301 West High Street # 880
Jefferson City, MO 65101
Delivered in-person and by Email

Re: Analysis on Missourians for Clean and Affordable Energy Ballot Initiative Petitions filed on January 3rd of 2020

To the State Auditor's Office:

Renew Missouri, a 501(c)(3) based out of Columbia, represents Missourians for Clean and Affordable Energy (MACE) and submits this letter as a precursory explanation for proposed ballot initiatives petitions filed on January 3rd of this year that intend to amend the statutes governing renewable energy statutes. It is Renew Missouri's belief these previous fiscal notes filed regarding previous ballot initiative petitions failed to consider other aspects of the law designed to cap utility rates at increases of no more than one percent per year. We respectfully offer this analysis for the State Auditor's consideration to reconsider how to draft similar fiscal notes from these new ballot initiative petitions.

In August of 2019, MACE filed similar ballot initiative petitions – designed to amend Sections 393.1025-393-1030 of the Revised Missouri statutes – and were numbered "2020-113", "2020-114", and "2020-115." (A fourth version – "2020 116" – was vacated by MACE's request in December of 2019.) The Missouri State Auditor's office responded to these petitions with a fiscal note that was certified with the Missouri Secretary of State's Office. In those fiscal notes, the State Auditor's wrote:

> State governmental entities estimate additional employment costs of approximately $88,000 annually. Additionally, state and local governmental entities anticipate possible increased costs of electricity*, but the amount is unknown*. (Emphasis added.)

As the State Auditor is aware, this language from these previously-issued fiscal notes is the subject matter of a lawsuit filed in the Cole County Circuit Court by James Owen in his capacity as Treasurer for MACE. The contention in that action is the same contention we offer in this letter: separate statutes – not being amended by these proposed ballot initiative petitions - dictate the fiscal impact of the increase of the renewable energy standard.

Sections 393.1030.2(1) and 393.1045, RSMo limits any potential increase to retail rates charged to the customers of utilities due to compliance with the renewable energy standards to no more than an **annual average of one percent**. Section 393.1045 RSMo reads in pertinent part:

> "Any renewable mandate required by law shall not raise the retail rates charged to the customers of electric retail suppliers by an average of more than one percent in any year…"

It is Renew Missouri's belief that a more accurate version of the fiscal note language would read:

> State governmental entities estimate additional employment costs of approximately $88,000 annually. The average annual rate impact to customers will not exceed one percent per year.

Of course, we do not know if the state governmental entities will have a different number for estimated employment cost for these new petitions filed on January 3rd. But we can say with certainly that the amount that electric rates will rise is limited to more than one percent per year, as a matter of law.

As a penultimate matter I would note that our lawyer who has been the primarily point of contact on this matter, Tim Opitz, is currently on paternity leave so, for the next month, I will be the main point of contact on this matter.

Renew Missouri thanks you in advance for your consideration of our request. Please contact me at 417-496-1924 or james@renewmo.org to discuss this issue in more detail.
Professionally,

James Owen
Executive Director, Renew Missouri
Missouri Bar #56835

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, University of Missouri, St. Louis Community College,** and the **Missouri Joint Municipal Electric Utility Commission**.

Fiscal Note Summary

State governmental entities estimate additional ongoing costs of approximately $143,500 annually. Additionally, state and local governmental entities anticipate a possible unknown increase in electricity costs from this proposal, which is limited by existing law to be no more than an average retail rate increase of one percent annually.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 6, 2020

RECEIVED
JAN 06 2020
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from James Owen regarding a proposed statutory amendment to Chapter 393, version 2 (2020-143)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by James Owen on January 3, 2020.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
2020 JAN -3 PM 2:21
SEC. OF STATE

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
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11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 202_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the people of the state of Missouri:

Sections 393.1025 through 393.1030, RSMo. are amended to read as follows:

393.1025. As used in sections 393.1020 to 393.1030, the following terms mean:

(1) "Commission", the public service commission;

(2) "Department", the department of [economic development] natural resources;

(3) "Electric utility", any electrical corporation as defined by section 386.020;

(4) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; [and]

(5) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water [and that has a nameplate rating capacity of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources,] and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the department[.]; and

(6) "Solar renewable energy credit" or "SREC", renewable energy credits or RECs representing that electricity has been generated from solar photovoltaic cells and panels, which can be used to demonstrate compliance with both the general portfolio requirements and the specific solar requirements of section 393.1030.1.

393.1030. 1. The commission shall, in consultation with the department, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirement shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

(1) No less than [two] twenty percent for calendar years [2011] 2022 through [2013] 2024;

(2) No less than [five] twenty-five percent for calendar years [2014] 2025 through [2017] 2027;

(3) No less than [ten] thirty percent for calendar years [2018] 2028 through [2020] 2030; [and]

(4) No less than thirty-five percent for calendar years 2031 through 2033;

(5) No less than forty percent for calendar years 2034 through 2036;

(6) No less than forty-five percent for calendar years 2037 through 2039; and

[(4)] (7) No less than [fifteen] fifty percent [in each] for calendar year [beginning in 2021] 2040 and each year thereafter.

At least [two] five percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. The commission, in consultation with the department and within one year of November 4, 2008, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may comply with the standard in whole or in part by retiring or purchasing RECs, provided that such RECs are associated with electricity produced or procured by the electric utility and sold to Missouri customers. An electric utility may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the department is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates

shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the department to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the division of energy solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

3. [As provided for in this section, except for those electrical corporations that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection 2 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection 2 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.] Solar renewable energy credits tariff requirement.

(1) By April 15, 2021, each electric utility shall submit a tariff to the commission for a solar renewable energy credit program, wherein the electric utility shall offer to purchase SRECs from the electric utility's customers who have installed or plan to install solar photovoltaic systems on their premises. The commission shall approve an electric utility's SREC program tariff within sixty days of submittal so long as it complies with the requirements of this section and whatever modification which the commission deems appropriate. The commission shall provide an opportunity for the staff for the commission, the office of public counsel, the department, and other interested parties to submit comments on each electric utility's proposed tariff.

(2) For customer-generators with systems of ten kilowatts or less, the tariff shall make an offer to purchase ten years of SRECs in a single upfront payment, due within thirty days of the system becoming operational. For customer-generators with a system size of greater than 10 kilowatts, the tariff shall offer annual payments for SRECs for a period of ten years, with payments due on April 15 of each calendar year. No revenue meter reading shall be required from the customer-generator prior to the electric utility making annual SREC payments.

(3) For a period of ten years for each customer-generator taking service under the tariff, the value of SRECs shall be the following (with all system sizes measured in direct current): eighty-five dollars per SREC for systems of ten kilowatts or less; seventy dollars per SREC for systems of between ten and twenty-five kilowatts; fifty-five dollars per SREC for systems of between twenty-five and one hundred kilowatts; and forty dollars per SREC for systems of between one hundred and five hundred kilowatts.

(4) An electric utility shall not count the funds spent in purchasing SRECs from customers pursuant to this subsection towards its calculation of the maximum average retail rate impact of one percent as required by subdivision (1) of subsection 2 of this section. An electric utility shall continue to offer to purchase SRECs from customer-generators pursuant to this subsection until the total amount of SRECs purchased in a calendar year equals one half of one percent of the total electricity sold by the electric utility in the previous calendar year.

4. The department shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

5. In carrying out the provisions of this section, the commission and the department shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.

6. The commission shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2013, shall be invalid and void.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-143)

Subject

Initiative petition from James Owen regarding a proposed amendment to Chapter 393 of the Revised Statutes of Missouri. (Received January 6, 2020)

Date

January 27, 2020

Description

This proposal would amend Chapter 393 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and the **Missouri Joint Municipal Electric Utility Commission**.

James Owen provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may be required to request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact as a result of the proposed initiative petition.

Officials from the **Department of Elementary and Secondary Education** indicated no impact to their department.

Officials the **Department of Higher Education and Workforce Development** indicated no impact to their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated:

Office of Public Counsel (OPC):
This petition, if passed, will have a cost to the Office of the Public Counsel. Their office would need an additional auditor to review the program expenditures, at a cost of approximately $60,000.

Public Service Commission (PSC):
This petition, if passed, will have a cost to the Public Service Commission. In order for the Commission to determine, within the specified timeframe, whether the electric utilities' Solar Renewable Energy Credit (S-REC) tariff(s) comply with this section, the Commission staff would have to complete its analysis of compliance within 30-45 days. This analysis might necessitate the need for additional staff resources. Accordingly, the PSC may need to request one additional full-time employee (a Utility Regulatory Engineer I or a Regulatory Economist III). There are also additional costs to the PSC associated with the required tariff filings of approximately $3,700. Both the costs for the filings as well as for the full-time employee are estimated to be approximately $83,500 ongoing annual costs.

Additionally, the proposal will also require at least one, but perhaps two, rulemakings at an estimated one-time cost to the PSC of up to approximately $8,600.

All other DCI Divisions:
This petition, if passed, will have no cost or savings to the remaining divisions within the Department of Commerce and Insurance.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated the fiscal impact is unknown. They are unable to estimate the impact of this legislation on their utility costs. However, based on research, including research completed by the Heritage Foundation, the proposed regulatory changes would be difficult to implement and could significantly increase costs to their department.

Officials from the **Department of Labor and Industrial Relations** indicated they anticipate no fiscal impact for this initiative petition.

Officials from the **Department of Revenue** indicated this initiative petition will have a fiscal impact on their department.

Revenue Impact

This proposal requires that electric companies must purchase or generate electricity from renewable energy sources. Those sources include solar and wind production and do not include coal or nuclear power (by which most electricity is generated). Currently there is one solar farm being built in Missouri and 6 wind farms, which would not generate enough to meet the requirements of this proposal. Therefore, this proposal could potentially result in higher utility costs for their department. The impact at this time is unknown.

Officials from the **Department of Public Safety - Office of the Director** indicated no impact for their department.

Officials from the **Department of Social Services** indicated this initiative petition should have no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition would not have a fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal would change the renewable energy statutes enacted pursuant to the Missouri Clean Energy Act (Proposition C) in November 2008. This should have no impact on Total State Revenue or the calculation under Article X, Section 18(e) of the Missouri Constitution.

The Division of Facilities Management, Design & Construction (OA-FMDC) assumes that Missouri electric providers would be required to install new renewable energy sources to meet the requirements of this petition. According to the United States Energy Information Administration, renewable energy resources accounted for only 5.5% of Missouri's net electricity generation in 2018. https://www.eia.gov/state/?sid=MO. OA-FMDC assumes that capital costs for installing renewable energy equipment would make it more costly for electric providers to meet the requirements of this petition and that some of those costs would be passed along to consumers.

For the Office of Administration, OA-FMDC assumes that this petition would result in higher electricity costs for state facilities; however, OA-FMDC has no way of calculating how much that increase would be.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to their office for Administrative Rules is less than $5,000. Their office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year (FY) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from **St. Louis County** indicated they see no fiscal impact on the operations of their county government were Chapter 393, RSMo amended as proposed.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they are unable to determine what, if any, fiscal impact this petition will have on their school district.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated additional expenses are always passed down to the consumer (assuming the electric utilities have additional expense converting energy sources). Without knowing the cost to the utility company(ies) and the downhill affect, it is difficult to know how it will affect Metropolitan Community College (MCC). Last fiscal year (7/1/18-6/30/19), MCC paid $2.3 million for electricity. The smallest increase could easily have a significant impact. For example, a 1% increase would result in $23,000 ongoing additional expense.

James Owen provided the following information:

January 6t, 2020

Renew Missouri Advocates, Inc.
409 Vandiver, Building 5, Suite 205
Columbia, Missouri 65202

State Auditor's Office
301 West High Street # 880
Jefferson City, MO 65101
Delivered in-person and by Email

Re: Analysis on Missourians for Clean and Affordable Energy Ballot Initiative Petitions filed on January 3rd of 2020

To the State Auditor's Office:

Renew Missouri, a 501(c)(3) based out of Columbia, represents Missourians for Clean and Affordable Energy (MACE) and submits this letter as a precursory explanation for proposed ballot initiatives petitions filed on January 3rd of this year that intend to amend the statutes governing renewable energy statutes. It is Renew Missouri's belief these previous fiscal notes filed regarding previous ballot initiative petitions failed to consider other aspects of the law designed to cap utility rates at increases of no more than one percent per year. We respectfully offer this analysis for the State Auditor's consideration to reconsider how to draft similar fiscal notes from these new ballot initiative petitions.

In August of 2019, MACE filed similar ballot initiative petitions – designed to amend Sections 393.1025-393-1030 of the Revised Missouri statutes – and were numbered "2020-113", "2020-114", and "2020-115." (A fourth version – "2020 116" – was vacated by MACE's request in December of 2019.) The Missouri State Auditor's office responded to these petitions with a fiscal note that was certified with the Missouri Secretary of State's Office. In those fiscal notes, the State Auditor's wrote:

> State governmental entities estimate additional employment costs of approximately $88,000 annually. Additionally, state and local governmental entities anticipate possible increased costs of electricity*, but the amount is unknown*. (Emphasis added.)

As the State Auditor is aware, this language from these previously-issued fiscal notes is the subject matter of a lawsuit filed in the Cole County Circuit Court by James Owen in his capacity as Treasurer for MACE. The contention in that action is the same contention we offer in this letter: separate statutes – not being amended by these proposed ballot initiative petitions - dictate the fiscal impact of the increase of the renewable energy standard.

Sections 393.1030.2(1) and 393.1045, RSMo limits any potential increase to retail rates charged to the customers of utilities due to compliance with the renewable energy standards to no more than an **annual average of one percent**. Section 393.1045 RSMo reads in pertinent part:

> "Any renewable mandate required by law shall not raise the retail rates charged to the customers of electric retail suppliers by an average of more than one percent in any year…"

It is Renew Missouri's belief that a more accurate version of the fiscal note language would read:

> State governmental entities estimate additional employment costs of approximately $88,000 annually. The average annual rate impact to customers will not exceed one percent per year.

Of course, we do not know if the state governmental entities will have a different number for estimated employment cost for these new petitions filed on January 3rd. But we can say with certainly that the amount that electric rates will rise is limited to more than one percent per year, as a matter of law.

As a penultimate matter I would note that our lawyer who has been the primarily point of contact on this matter, Tim Opitz, is currently on paternity leave so, for the next month, I will be the main point of contact on this matter.

Renew Missouri thanks you in advance for your consideration of our request. Please contact me at 417-496-1924 or james@renewmo.org to discuss this issue in more detail.
Professionally,

James Owen
Executive Director, Renew Missouri
Missouri Bar #56835

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, University of Missouri, St. Louis Community College,** and the **Missouri Joint Municipal Electric Utility Commission**.

Fiscal Note Summary

State governmental entities estimate additional ongoing costs of approximately $143,500 annually. Additionally, state and local governmental entities anticipate a possible unknown increase in electricity costs from this proposal, which is limited by existing law to be no more than an average retail rate increase of one percent annually.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 6, 2020

RECEIVED
JAN 06 2020
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from James Owen regarding a proposed statutory amendment to Chapter 393, version 1 (2020-142)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by James Owen on January 3, 2020.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

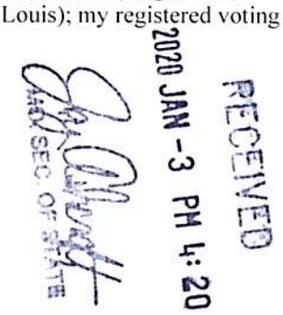
County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.



(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____	_____	_____
Signature of Affiant (Person obtaining signatures)	(Printed Name of Affiant)	Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 202_.

_____	_____
Signature of Notary	Address of Notary
Notary Public (Seal)	My commission expires _____

Be it enacted by the people of the state of Missouri:

Sections 393.1025 through 393.1030, RSMo. are repealed and three new sections, to be known as sections 393.1025, 393.1030, and 393.1060 are enacted in lieu thereof, to read as follows:

393.1025. As used in sections 393.1020 to 393.1030, the following terms mean:

(1) "Commission", the public service commission;

(2) "Department", the department of [economic development] natural resources;

(3) "Electric utility", any electrical corporation as defined by section 386.020;

(4) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; and

(5) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, [hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a nameplate rating of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources,] and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the department. Electric energy produced from hydropower facilities (not including pumped storage) certified as renewable by rule by the department that do not require a new diversion or impoundment of water and that have a nameplate rating of ten megawatts or less shall also constitute renewable energy resources for purposes of compliance with the portfolio requirements applicable to calendar years 2011 through 2024, and hydropower facilities (not including pumped storage) certified as renewable by rule by the department that do not require a new diversion or impoundment of water irrespective of the nameplate rating shall constitute renewable energy resources for purposes of compliance with the portfolio requirements applicable to calendar year 2025 and thereafter.

393.1030. 1. The commission shall, in consultation with the department, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirement shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

(1) No less than two percent for calendar years 2011 through 2013;

(2) No less than five percent for calendar years 2014 through 2017;

(3) No less than ten percent for calendar years 2018 through 2020; [and]

(4) No less than fifteen percent [in each calendar year beginning in 2021.] for calendar years 2021 through 2024;

(5) No less than twenty percent for calendar years 2025 through 2029;

(6) No less than thirty percent for calendar years 2030 through 2034;

(7) No less than thirty-five percent for calendar years 2035 through 2039; and

(8) No less than forty percent for calendar year 2040 and each year thereafter.

2. [At least two percent of each portfolio requirement shall be derived from solar energy.] The portfolio requirements set forth in subsection 1 of this section shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. A utility may comply with such portfolio requirements in whole or in part by purchasing RECs[.], provided that such RECs are either associated with electricity produced by the electric utility, or are associated with electricity purchased by the electric utility. At least two percent of each portfolio requirement applicable to calendar years 2011 through 2024, and at least five percent of each portfolio requirement applicable to calendar year 2025 and thereafter, shall be derived from solar energy. Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance with the portfolio requirements set forth in subsection 1 of this subsection.

3. (1) This subsection shall apply to each purchased power agreement with a term commencing on or after January 1, 2025 that the electric utility entered into for compliance with the portfolio requirements applicable to calendar year 2025 and thereafter. If the term of one or more purchased power agreements have commenced prior to the rate base cutoff date in one of the electric utility's regular rate cases, the commission shall, without limiting recoveries outside the context of a regular rate case as contemplated by the mechanism required by subdivision (4) of subsection 4 of this section:

(i) include in the revenue requirement used to set base rates in that regular rate case an amount equal to the electric utility's prudently incurred costs to purchase energy, capacity, and RECs under each such agreement; and

(ii) include in the revenue requirement used to set base rates in that regular rate case an additional amount equal to the common equity earnings the electric utility would have received had it, in lieu of entering into each such purchased power agreement, instead invested in and placed in service, on the date the term of each such purchased power agreement commenced, a renewable energy resource of the type being operated to supply energy under each such purchased power agreement with a capacity sufficient to provide the quantity of energy being purchased under each such purchased power agreement. In determining the additional amount required by this item (ii), the commission shall utilize the common equity return on rate base and the common equity percentage used to determine the revenue requirement in that regular rate case and shall also include in such revenue requirement applicable federal, state, and local income and excise taxes associated with such additional amount.

(2) Items (i) and (ii) in subdivision (1) of this subsection shall continue to be included in the revenue requirement used to set rates in each subsequent electric utility regular rate case where the term of the purchased power agreement remains ongoing as of the rate base cutoff date in that proceeding. The amount included in the revenue requirement in subsequent regular rate cases for item (i) shall be based upon costs for the test period in that case. Except as specifically provided for below, the amount included in the revenue requirement in subsequent regular rate cases for item (ii) shall be calculated in the same manner as calculated for item (ii) in the first regular rate case where such amount was determined and shall not be recalculated in subsequent regular rate cases, except that the calculation in each subsequent regular rate case shall utilize the common equity return on rate base and the common equity percentage used to determine the revenue requirement in that subsequent case and shall account for accumulated depreciation that would have been accrued had the electric utility invested in and placed a renewable energy resource in service instead of entering into a purchased power agreement.

(3) The phrase "rate base cutoff date" shall have the meaning given in in subdivision (4) of subsection 1 of section 393.1400 as of the date of its original enactment.

[2]4. The commission, in consultation with the department and within one year of November 4, 2008, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the department is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the department to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the division of energy solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3. As provided for in this section, except for those electrical corporations that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems

becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection 2 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection 2 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.]

[4]5. The department shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

[5]6. In carrying out the provisions of this section, the commission and the department shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.

[6]7. The commission shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2013, shall be invalid and void.

393.1060. It is the policy of the state of Missouri to support beneficial electrification programs offered by electrical corporations. In furtherance of this policy the Missouri Public Service Commission shall approve any electrification program proposed by an electrical corporation which is anticipated to be cost-effective for customers of the electrical corporation that are not participants in such programs over the long-run.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-142)

Subject

Initiative petition from James Owen regarding a proposed amendment to Chapter 393 of the Revised Statutes of Missouri. (Received January 6, 2020)

Date

January 27, 2020

Description

This proposal would amend Chapter 393 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and the **Missouri Joint Municipal Electric Utility Commission**.

James Owen provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may be required to request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact as a result of the proposed initiative petition.

Officials from the **Department of Elementary and Secondary Education** indicated no impact to their department.

Officials the **Department of Higher Education and Workforce Development** indicated no impact to their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated:

Office of Public Counsel (OPC):
This petition, if passed, will have a cost to the Office of the Public Counsel. There would be a need to retain either a consultant or hire an employee knowledgeable in performing the cost calculations necessary to develop and calculate hypothetical plant costs, at a cost of approximately $80,000.

Public Service Commission (PSC):
This petition, if passed, will have a cost to the Public Service Commission. The equity imputation language for renewable purchased power agreements would introduce a new and somewhat complex issue into general rate cases that might necessitate the need for more staff resources. Accordingly, the PSC may need to request one additional FTE (Utility Regulatory Auditor III) at an estimated cost of approximately $67,000.

All other DCI Divisions:
This petition, if passed, will have no cost or savings to the remaining divisions within the Department of Commerce and Insurance.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated the fiscal impact is unknown. They are unable to estimate the impact of this legislation on their utility costs. However, based on research, including research completed by the Heritage Foundation, the proposed regulatory changes would be difficult to implement and could significantly increase costs to their department.

Officials from the **Department of Labor and Industrial Relations** indicated they anticipate no fiscal impact for this initiative petition.

Officials from the **Department of Revenue** indicated this initiative petition will have a fiscal impact on their department.

Revenue Impact

This proposal requires that electric companies must purchase or generate electricity from renewable energy sources. Those sources include solar and wind production and do not include coal or nuclear power (by which most electricity is generated). Currently there is one solar farm being built in Missouri and 6 wind farms, which would not generate enough to meet the requirements of this proposal. Therefore, this proposal could potentially result in higher utility costs for their department. The impact at this time is unknown.

Officials from the **Department of Public Safety - Office of the Director** indicated no impact for their department.

Officials from the **Department of Social Services** indicated this initiative petition should have no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition would not have a fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal would change the renewable energy statutes enacted pursuant to the Missouri Clean Energy Act (Proposition

C) in November 2008. This should have no impact on Total State Revenue or the calculation under Article X, Section 18(e) of the Missouri Constitution.

The Division of Facilities Management, Design & Construction (OA-FMDC) assumes that Missouri electric providers would be required to install new renewable energy sources to meet the requirements of this petition. According to the United States Energy Information Administration, renewable energy resources accounted for only 5.5% of Missouri's net electricity generation in 2018. https://www.eia.gov/state/?sid=MO. OA-FMDC assumes that capital costs for installing renewable energy equipment would make it more costly for electric providers to meet the requirements of this petition and that some of those costs would be passed along to consumers.

For the Office of Administration, OA-FMDC assumes that this petition would result in higher electricity costs for state facilities; however, OA-FMDC has no way of calculating how much that increase would be.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to their office for Administrative Rules is less than $5,000. Their office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions

certified for the ballot. In fiscal year (FY) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from **St. Louis County** indicated they see no fiscal impact on the operations of their county government were Chapter 393, RSMo amended as proposed.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they are unable to determine what, if any, fiscal impact this petition will have on their school district.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated additional expenses are always passed down to the consumer (assuming the electric utilities have additional expense converting energy sources). Without knowing the cost to the utility company(ies) and the downhill affect, it is difficult to know how it will affect Metropolitan Community College (MCC). Last fiscal year (7/1/18-6/30/19), MCC paid $2.3 million for electricity. The smallest increase could easily have a significant impact. For example, a 1% increase would result in $23,000 ongoing additional expense.

James Owen provided the following information:

January 6t, 2020

Renew Missouri Advocates, Inc.
409 Vandiver, Building 5, Suite 205
Columbia, Missouri 65202

State Auditor's Office
301 West High Street # 880
Jefferson City, MO 65101
Delivered in-person and by Email

Re: Analysis on Missourians for Clean and Affordable Energy Ballot Initiative Petitions filed on January 3rd of 2020

To the State Auditor's Office:

Renew Missouri, a 501(c)(3) based out of Columbia, represents Missourians for Clean and Affordable Energy (MACE) and submits this letter as a precursory explanation for proposed ballot initiatives petitions filed on January 3rd of this year that intend to amend the statutes governing renewable energy statutes. It is Renew Missouri's belief these previous fiscal notes filed regarding previous ballot initiative petitions failed to consider other aspects of the law designed to cap utility rates at increases of no more than one percent per year. We respectfully offer this analysis for the State Auditor's consideration to reconsider how to draft similar fiscal notes from these new ballot initiative petitions.

In August of 2019, MACE filed similar ballot initiative petitions – designed to amend Sections 393.1025-393-1030 of the Revised Missouri statutes – and were numbered "2020-113", "2020-114", and "2020-115." (A fourth version – "2020 116" – was vacated by MACE's request in December of 2019.) The Missouri State Auditor's office responded to these petitions with a fiscal note that was certified with the Missouri Secretary of State's Office. In those fiscal notes, the State Auditor's wrote:

> State governmental entities estimate additional employment costs of approximately $88,000 annually. Additionally, state and local governmental entities anticipate possible increased costs of electricity*, but the amount is unknown*. (Emphasis added.)

As the State Auditor is aware, this language from these previously-issued fiscal notes is the subject matter of a lawsuit filed in the Cole County Circuit Court by James Owen in his capacity as Treasurer for MACE. The contention in that action is the same contention we offer in this letter: separate statutes – not being amended by these proposed ballot initiative petitions - dictate the fiscal impact of the increase of the renewable energy standard.

Sections 393.1030.2(1) and 393.1045, RSMo limits any potential increase to retail rates charged to the customers of utilities due to compliance with the renewable energy standards to no more than an **annual average of one percent**. Section 393.1045 RSMo reads in pertinent part:

> "Any renewable mandate required by law shall not raise the retail rates charged to the customers of electric retail suppliers by an average of more than one percent in any year…"

It is Renew Missouri's belief that a more accurate version of the fiscal note language would read:

> State governmental entities estimate additional employment costs of approximately $88,000 annually. The average annual rate impact to customers will not exceed one percent per year.

Of course, we do not know if the state governmental entities will have a different number for estimated employment cost for these new petitions filed on January 3rd. But we can say with certainly that the amount that electric rates will rise is limited to more than one percent per year, as a matter of law.

As a penultimate matter I would note that our lawyer who has been the primarily point of contact on this matter, Tim Opitz, is currently on paternity leave so, for the next month, I will be the main point of contact on this matter.

Renew Missouri thanks you in advance for your consideration of our request. Please contact me at 417-496-1924 or james@renewmo.org to discuss this issue in more detail.
Professionally,

James Owen
Executive Director, Renew Missouri
Missouri Bar #56835

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, University of Missouri, St. Louis Community College,** and the **Missouri Joint Municipal Electric Utility Commission**.

Fiscal Note Summary

State governmental entities estimate additional ongoing costs of approximately $147,000 annually. Additionally, state and local governmental entities anticipate a possible unknown increase in electricity costs from this proposal, which is limited by existing law to be no more than an average retail rate increase of one percent annually.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 13, 2019

RECEIVED
NOV 13 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed statutory amendment to Chapter 192 (2020-141)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Winston Apple on November 13, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

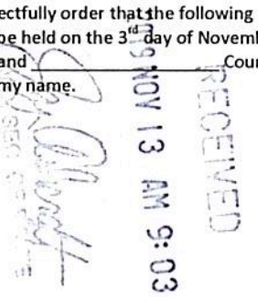
County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.



[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
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10.					
11.					
12.					
13.					
14					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20___

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it enacted by the people of the state of Missouri:

One new section of the Revised Missouri Statutes is enacted, to be known as section 192.008, to read as follows:

192.008. 1. "The Missouri Health Insurance Cooperative" (hereinafter referred to as "MHIC") and the "Missouri Health Care Cooperative" (hereinafter referred to as "MHCC") are hereby created within the department of health and senior services to provide health insurance and/or pay for health care for citizens of Missouri who elect to become members of one of these cooperatives.
2. The MHIC and MHCC shall be administered by the director of the department of health and senior services. The department of health and senior services shall, within one (1) calendar year of the effective date of this section, promulgate rules necessary for the administration of this section and these cooperatives.
3. The state of Missouri is authorized to issue bonds to cover the start-up costs for the MHIC and MHCC, as well as to cover any shortages of funds needed to pay authorized benefits and administrative costs until funds received from membership dues are sufficient to cover those expenses. Membership dues for both the MHIC and MHCC and out-of-pocket maximums for members of the MHIC are to be set as soon as practicable, and then adjusted as needed, to fully cover administrative expenses and benefits paid with money collected from dues paid by members.
4. Memberships in the MHIC and MHCC shall be available beginning no later than January 1, 2022.
5. Enrollment in the MHIC or MHCC shall be voluntary and limited to citizens of the state of Missouri.
6. The MHIC and MHCC shall be revenue neutral. Membership dues for the MHIC and MHCC, as well as the annual out-of-pocket maximum for members of the MHIC, will be based on percentages of each member's gross annual income from all sources. Membership dues are to be set as low as possible, and out-of-pocket maximums for the MHIC set no higher than necessary, to minimize the cost of membership and healthcare expenses for members, with revenues from dues sufficient to cover, but not significantly exceed, all operating costs.
7. Only treatments, procedures, and prescriptions for medications deemed medically necessary, as determined by the department of health and senior services, shall be covered through the MHIC and MHCC.
8. The amount of payments made to health care providers for treatments, procedures and services and the amount paid or reimbursed for prescription medications will be determined by the department of health and senior services and shall not be excessive. The amounts paid to health care providers by Medicare and Medicaid shall serve as a general guide for pricing treatments, procedures, services, and prescription medications.
9. Members of the MHIC will be responsible for paying health care providers, including pharmacies providing prescription medications, directly. All payments made in excess of the out-of-pocket maximum will be promptly reimbursed by the MHIC. If a member is unable to pay expenses in excess of the out-of-pocket maximum directly, the MHIC may make necessary payments to providers in lieu of reimbursing the member.
10. All medically necessary health-related expenses, including treatments, procedures, services, and prescription medications for members of the MHCC will be paid for by the MHCC.
11. Members of the MHIC and MHCC, as well as health care providers and pharmacies in the state of Missouri, are responsible for keeping full and accurate records and receipts and invoices for covered health care.
12. All subsections and all clauses of this statute, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-141)

Subject

Initiative petition from Winston Apple regarding a proposed amendment to Chapter 192 of the Revised Statutes of Missouri. (Received November 13, 2019)

Date

December 3, 2019

Description

This proposal would amend Chapter 192 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated a total estimated net effect on all state funds of $0 for fiscal year 2020, $0 for fiscal year 2021, and $0 for fiscal year 2022.

Officials from the **Department of Higher Education and Workforce Development** indicated they report no impact.

Officials from the **Department of Health and Senior Services** (DHSS) indicated expenses of $0.

An unknown number of staff to oversee the Missouri Health Insurance Cooperative program would require rental space, located in Jefferson City.

Unknown Information Technology costs or savings related to this proposal.

Section 192.008 of the proposed initiative creates two new health insurance program, *The Missouri Health Insurance Cooperative* (MHIC) and *Missouri Health Care Cooperative* (MHCC), with oversight by the Department of Health and Senior Services (DHSS). MHIC and MHCC are to be available by January 1, 2022 which is six months of fiscal year 2022.

They are unable to determine the number of individuals who would participate in MHIC. In addition, the premium rates charged by MHIC could be affected by such items as: (1) costs for covered services, (2) the scope of benefits that are included, (3) the plan's cost-sharing requirements, and (4) the health status of the plan's enrollees. Also, the MHIC program oversight responsibilities and costs would be directly impacted by the size of the program (i.e., number of participants, list of covered services, etc.) The Office of Administration could issue bonds for startup costs and to cover initial shortages. They are not able to determine the amount of startup cost, premium rate, etc. They do not administer a similar program of any kind, so significant unknown staffing or contractual costs would be necessary. Due to the numerous unknown factors, they are submitting an Unknown Expense equal to Unknown Revenue (Revenue Neutral – zero impact) fiscal note.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition is expected to have no impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated this initiative petition should have no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition will have no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal creates the Missouri Health Insurance Cooperative (MHIC) and the Missouri Health Care Cooperative (MHCC), housed in and administered by the Department of Health and Senior Services, to provide health insurance and/or pay for health care for Missouri citizens who wish to become members of the cooperatives. Membership in the MHIC and MHCC is to be available beginning no later than January 1, 2022 and enrollment is to be voluntary. The MHIC and MHCC are to be revenue neutral, with dues and out-of-pocket maximums adjusted annually to ensure that revenues are sufficient to cover all costs. The State of Missouri is authorized to issue bonds to cover the start-up costs for the MHIC and MHCC, as well as any shortages of funds needed to pay authorized benefits until the funds received from membership dues are sufficient to cover those expenses.

It should be noted that it is unclear if the State of Missouri would have the authority to issue bonds for a health insurance or health care cooperative. The Office of Administration defers to the Department of Health and Senior Services on the fiscal impact of Initiative Petition 20-141.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year (FY) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. Their office estimates $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated this appears to have no fiscal impact to their office, but it is unclear. There is no discussion of the fund that will manage the costs of the MHIC, how it will operate and if the fund will be held in the treasury. There is a provision for bonds to be issued to cover start-up costs. There is no maximum authorized amount, nor any requirements noted or funding for repayment of principal and interest.

There is the potential that the Treasurer would have to sign any bond documents and their office would be managing the cash flow of the debt service payments.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from **St. Louis County** indicated this petition, if enacted, would have no fiscal impact on the operations of their county government.

Officials from the **City of Kansas City** indicated this proposed amendment will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated depending on the cost of insurance once these programs get started, this could represent a positive fiscal impact on public schools. If the cost of health insurance services goes down and public schools are allowed to access these programs then it would cost schools less, freeing up resources for instructional services. Of course, if the costs go up, or for some reason public schools are not allowed to access them, then never mind.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated if this is healthcare in addition to employer provided insurance, there will be no fiscal impact. If this is healthcare that can be selected by one of their Missouri resident employees instead of employer funded medical plans, healthcare expense for their college could be reduced. The potential amount is unknown. They have a significant number of employees outside of Missouri. They also provide "employee only" coverage for very little to no out-of-pocket expense. The savings would come if an employee that lives in Missouri was able to change their "employee+" plans down to "employee only" if their families choose to participate in a cooperative.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities expect any costs to equal any savings. Local governmental entities expect no costs from this proposal and may have savings of an unknown amount if some employees or employees' families switch health care coverage to these new health cooperatives.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 13, 2019

RECEIVED
NOV 13 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article III (2020-140)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on November 13, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 NOV 13 AM 9:03

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Street address of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20___

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article III of the Constitution is revised by repealing Sections 10 and 14 and amending Sections 3, 5, 6, 7, 9, 11 and 20(d), to read as follows:

Article III Section 3. [(a) There is hereby established the post of "Nonpartisan State Demographer". The nonpartisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing legislative redistricting maps on the basis of each federal census for presentation to the house apportionment commission and the senatorial apportionment commission.]

[(b) The nonpartisan state demographer shall be selected through the following process. First, state residents may apply for selection to the state auditor using an application developed by the state auditor to determine an applicant's qualifications and expertise relevant to the position. Second, the state auditor shall deliver to the majority leader and minority leader of the senate a list of at least three applicants with sufficient expertise and qualifications, as determined by the state auditor, to perform the duties of the nonpartisan state demographer. Third, if the majority leader and minority leader of the senate together agree that a specific applicant should be selected to be the nonpartisan state demographer, that applicant shall be selected and the selection process shall cease. Fourth, if the majority leader and minority leader of the senate cannot together agree on an applicant, they may each remove a number of applicants on the state auditor's list equal to one-third of the total number of applicants on that list, rounded down to the next integer, and the state auditor shall then conduct a random lottery of the applicants remaining after removal to select the nonpartisan state demographer. The state auditor shall prescribe a time frame and deadlines for this application and selection process that both encourages numerous qualified applicants and avoids delay in selection. The nonpartisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the nonpartisan state demographer position, an individual shall not have served in a partisan, elected position for four years prior to the appointment. The nonpartisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent legislative redistricting map to the house apportionment commission or the senatorial apportionment commission.]

[(c)] The house of representatives shall consist of [one hundred sixty-three] twenty members from each congressional district elected at each general election [and apportioned as provided in this section] for a term of two years.

[(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the nonpartisan state demographer shall begin the preparation of legislative districting plans and maps using the following methods, listed in order of priority:

a. Districts shall be established on the basis of total population. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census;

b. Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be designed in a manner that achieves both partisan fairness and, secondarily, competitiveness. **"Partisan fairness"** means that parties shall be able to translate their popular support into legislative representation with approximately equal efficiency. **"Competitiveness"** means that parties' legislative representation shall be substantially and similarly responsive to shifts in the electorate's preferences.

To this end, the nonpartisan state demographer shall calculate the average electoral performance of the two parties receiving the most votes in the three preceding elections for governor, for United States Senate, and for President of the United States. This index shall be defined as the total votes received by each party in the three preceding elections for governor, for United States Senate, and for President of the United States, divided by the total votes cast for both parties in these elections. Using this index, the nonpartisan state demographer shall calculate the total number of wasted votes for each party, summing across all of the districts in the plan. **"Wasted votes"** are votes cast for a losing candidate or for a winning candidate in excess of the fifty percent threshold needed for victory. In any plan of apportionment and map of the proposed districts submitted to the respective apportionment commission, the nonpartisan state demographer shall ensure the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

To promote competitiveness, the nonpartisan state demographer shall use the electoral performance index to simulate elections in which the hypothetical statewide vote shifts by one percent, two percent, three percent, four percent, and five percent in favor of each party. The vote in each individual district shall be assumed to shift by the same amount as the statewide vote. The nonpartisan state demographer shall ensure that, in each of these simulated elections, the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable;

c. Subject to the requirements of paragraphs a. and b. of this subdivision, districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous;

d. To the extent consistent with paragraphs a. to c. of this subdivision, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county;

e. Preference shall be that districts are compact in form, but the standards established by paragraphs a. to d. of this subdivision take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.]

[(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.]

[(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the nonpartisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the nonpartisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.]

Article III Section 5. The senate shall consist of thirty-four members elected by the qualified voters of the [senatorial districts] state of Missouri for a term of four years. [Senatorial districts shall be apportioned as provided for in Article III, Section 7.]

Article III Section 6. Each senator shall be thirty years of age, and next before the day of his election shall have been a qualified voter and a resident of the state for [three] two years [and a resident of the district which he is chosen to represent for one year, if such district shall have been so long established, and if not, then of the district or districts from which the same shall have been taken].

Article III Section 7. [(a) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the nonpartisan state demographer authorized in Article III, Section 3 shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the house of representatives.

(b) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, or within sixty days after a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(c) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the nonpartisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by this subsection, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the nonpartisan state demographer provided that such changes are consistent with this section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the house of representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.]

(a) Beginning with the election of senators and representatives to be held in the year two thousand and twenty-two there will be no primary election for those offices. All candidates who file to run for the senate or the house of representatives will be listed on the ballot for the general election, grouped by political party affiliation. Independent candidates will be grouped together. The general election shall be carried out using a system of ranked choice voting under which each voter shall be able to rank a minimum of three candidates for the office of senator and three candidates for the office of representative in the order of the voter's preference. If feasible, the ballot shall permit voters to rank a total of ten candidates for the senate and ten candidates for the house, or as close to that number as feasible. Voters shall be able to request either a general ballot listing all of the candidates for all political parties and all independent candidates, a single-party ballot listing only the candidates affiliated with a single political party, or a ballot listing only independent candidates. A number of

spaces equal to the number of choices voters are able to rank shall be provided to write in the names of candidates not appearing on the ballot. All write-in candidates who have properly registered with the secretary of state will be treated as independent candidates when votes are tabulated. The ballot shall be simple and easy to understand, with instructions necessary to enable voters to successfully cast ballots under the system.

(b) In tabulating the results of each general election, first choice votes will first be counted to determine how many seats each political party is awarded in the senate and in the house of representatives and which independent candidates will be awarded seats. The "election threshold" will be determined by dividing the total number of ballots cast by seventeen, for seats in the senate, and by twenty in each congressional district, for seats in the house of representatives. The number of seats to be filled by candidates from each political party will then be provisionally determined by dividing the total number of first choice votes cast for all of a political party's candidates by the election threshold, rounded down to the nearest whole number. If a voter inadvertently casts a vote for more than a single candidate as their first choice each candidate listed will be given the appropriate fraction of a whole vote. Any votes received by the candidates for each political party in excess of the product of the number of seats earned by a political party multiplied by the election threshold shall be considered "surplus votes." Any independent candidates receiving a number of first choice votes equal to, or greater than, the election threshold is elected. The first-choice votes for any independent candidate not initially elected will be treated as surplus votes for that candidate.

(c) If a single seat in either the senate or the house of representatives remains to be awarded after the initial tabulation, the party or independent candidate with the most surplus votes will be awarded that seat. If more than one seat in either chamber remains to be awarded, the party or independent candidate with the most surplus votes will be awarded the first additional seat, and a number of surplus votes equal to the number of surplus votes held by the party or independent candidate with the second most surplus votes, plus one additional surplus vote, shall be deducted from the total number of surplus votes held by the party or independent candidate being awarded the first seat. This process shall be repeated for each additional unfilled seat until all seventeen seats, in the case of the senate, and all twenty seats from each congressional district, in the case of the house of representatives, have been provisionally awarded to a political party or independent candidate.

(d) Once the number of seats to be awarded to each political party and which independent candidates have been elected is provisionally determined, the candidates to be elected from each political party will be determined by awarding points based on the rank of each vote received by a candidate. Points equal to the number of choices a voter is able to rank will be awarded for each first-choice vote. The number of points awarded for each subsequent rank will decrease by one point for each subsequent rank. A single point will be awarded for the lowest rank on each ballot. If a voter inadvertently casts a vote for more than a single candidate at any rank, each candidate listed will be given the appropriate fraction of the number of points to be awarded for that rank on that ballot. If a voter inadvertently lists a single candidate at more than one level of preference, only the point value of the highest rank will be awarded to that candidate.

(e) The candidates from each political party will then be ranked according to total points received, with the candidate receiving the most points listed first and the candidate with the least points listed last. The number of candidates equal to the number of seats to which a political party is entitled are elected from that ranked list unless the point total of one or more independent candidates is greater than the point total for one or more candidates affiliated with a political party, in which case the independent candidate(s) shall be elected in place of the candidate(s) affiliated with a political party having fewer total points.

(f) A political party having no candidate for statewide office receiving at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the house in each congressional district by presenting petitions signed by one-half of one per cent of the legal voters in that congressional district. An independent candidate may qualify for a place on the ballot in a congressional district by presenting petitions signed by one-fifth of one percent of the legal voters in that congressional district. A political party having no candidate for statewide office receiving at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the senate by presenting petitions signed by one-half of one per cent of the legal voters in the state of Missouri. An independent candidate may qualify for a place on the ballot for the senate by presenting petitions signed by one-fifth of one percent of the legal voters in the state of Missouri. The number of "legal voters" is equal to, and determined by, the total vote for governor in the general election last preceding. Said petitions are to be delivered to the secretary of state no later than one hundred and twenty days preceding the general election.

(g) The signatures on petitions submitted by independent candidates and political parties shall be subject to verification according to the procedures in the code of state regulations for independent candidate petitions in force at the time the petitions are submitted.

(h) If a senator or representative resigns, dies, or is removed from office for any reason during the subsequent legislative sessions, the seat shall be filled by the next candidate from her or his party or the next independent candidate who would have been elected based on total points.

(i) Officials shall determine a random selection algorithm, prior to tabulation, to resolve ties between candidates. If a tie occurs at any point in the tabulation procedure and tabulation cannot proceed until the tie is resolved, then the random selection algorithm shall resolve the tie.

(j) If a senator or representative resigns, dies, or is removed from office for any reason during the subsequent legislative sessions, the seat shall be filled by the next candidate from her or his political party's ordered list, or in the case of an independent candidate, the candidate who would have been elected had there been one more member elected using the prescribed method for tabulating votes.

Article III Section 9. Until the convening of the Seventy-fourth General Assembly the House of Representatives shall consist of one hundred sixty-three members elected from the one hundred sixty-three representative districts, as they existed January 1, 1965. Beginning with the election of representatives in the primary and general elections to be held in the year two thousand and twenty-two the House of Representatives shall consist of twenty members elected from each congressional district. In the event that members of Congress from Missouri are elected at large, congressional district boundaries will still be drawn and used in the election of members of the Missouri House of Representatives.

[Article III Section 10. The last decennial census of the United States shall be used in apportioning representatives and determining the population of senatorial and representative districts. Such districts may be altered from time to time as public convenience may require.]

Article III Section 11. The first election of senators and representatives under this constitution, shall be held at the general election in the year one thousand nine hundred and forty-six when the whole number of representatives and the senators from the districts having even numbers, who shall compose the first class, shall be elected, and two years thereafter the whole number of representatives and the senators from districts having odd numbers, who shall compose the second class, shall be elected, and so on at each succeeding general election. Beginning with the general election to be held in the year two thousand and twenty-two senators will continue to be divided into two classes, with senators from each class, as the term of that class expires, to be elected at large on a state-wide basis.

[Article III Section 14. Writs of election to fill vacancies in either house of the general assembly shall be issued by the governor.]

Article III Section 20(d). If any provision of sections 2, 3, 5, 6, 7, 9, 11, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-140)

Subject

Initiative petition from Winston Apple regarding a proposed constitutional amendment to Article III. (Received November 13, 2019)

Date

December 3, 2019

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated a total estimated net effect on all state funds of $0 for fiscal year 2020, $0 for fiscal year 2021, and $0 for fiscal year 2022.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition is not expected to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated this initiative petition should have no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated the only affect to the Missouri House would be the reduction of three member positions (new total set at 20 from each congressional district or 160).

Here is the math for the annual savings using today's salary, per diem, expense account and mileage reimbursement amounts:
Member salary = 3 x $35,915 = $107,745
Member expense accounts = 3 x $8,400 = $25,200
Session mileage = 3 x 267 (average weekly roundtrip mileage) x .43 x 19 (weeks of session) = $6,544
Session per diem = 3 x $120.80 x 70 (days of session) = $25,368 (changed in October to $151 so 80% of that (per RSMo 21.145) is $120.80)
Legislative Assistant (LA) salary = 3 x $35,275 = $105,825 (we have 111 entry level LAs budgeted at $3,915,491 for average of $35,275)
ANNUAL SAVINGS = $270,682

The savings during the first fiscal year (FY 23) would only be $151,297 as the non-session related costs (salaries and expense accounts) would be halved (January to July).

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition will have no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal amends Article III of the Missouri Constitution by repealing Sections 10 and 14 and amending Sections 3, 5, 6, 7, 9, 11 and 20(d).

The proposed amendment would:

- Amend Section 3 by:
    - Removing language relating to the establishment of the post of non-partisan state demographer;
    - Removing provisions concerning the number of State House members (163);
    - Requiring that the House of Representatives consist of twenty members from each of the State's Congressional districts; and
    - Removing language creating the House and Senatorial Apportionment Commissions.
- Amend Section 5 by:
    - Removing the requirement for senatorial districts; and
    - Striking the language voters of the "districts" and adding voters of the "state."

- Amend Section 6 by adding the requirement that state senatorial candidates be a resident of the State and changing the minimum duration from three years to two.
- Amend Section 7 by:
    - Striking all of the language referring to the drawing of legislative districts; and
    - Adding language that changes the election process and process to fill vacancies for State Representatives and Senators. Beginning with the 2022 election, there will be no primary, and the general election shall be carried out using a system of ranked choice voting.
- Amend Section 9 by adding language starting the new election process in the year 2022 and requiring twenty House members be elected from each U.S. Congressional district.
- Repeal Section 10, which requires that Census data be used in redistricting and which allows that "districts may be altered from time to time as public convenience may require."
- Amend Section 11 by adding language making clear that the Senate will have two classes with staggered elections beginning in the year 2022.
- Repeal Section 14, which grants the Governor the authority to issue writs of election to fill vacancies in either house of the general assembly.
- Amend Section 20(d) by adding Sections 5, 6, 9 and 11 to the list of applicable sections of Article III.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions

certified for the ballot. In fiscal year (FY) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. Their office estimates $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Their office was asked to complete a fiscal note request for Initiative Petition 2020-140 proposing to amend Article III of the Missouri Constitution.

Petition 2020-140 would change the composition of the General Assembly and cause representatives to be elected by congressional district and senators on a statewide basis using ranked-choice voting. At each general election, voters would see a list of all representative candidates in their congressional district and a list of all senate candidates from the state, with the ability to rank their choices of at least three but possibly up to 10 candidates from each list. This consolidation into congressional districts may incur the following costs:

Re-programming/Replacing voting machines: Voting machines in Missouri are currently programmed to accept only single-page ballots with a single vote per race – each of these machines would need to be reprogrammed to accept ranked-choice votes and provide for multiple-page ballots due to the potential for large numbers of candidates to file for each congressional district's seats. Any machine that cannot be reprogrammed would need to be replaced with a new machine that does possess such capabilities. Either cost would be a new requirement that the state must assume under Article X, Section 21 of the Missouri Constitution.

As of the 2017 voting systems survey conducted by the Secretary of State's Office, local election authorities reported that they possessed 7,565 voting machines. The estimated cost for each new voting machine is $5,000. The total cost to the state will vary depending on the number of machines which are ready to accept ranked-choice votes or can be reprogrammed to do so. However, using total replacement of all machines as a maximum cost, this provision may result in a total impact to general revenue ranging from $0 up to $37,825,000.

Postage Costs: mailing envelopes used to return absentee ballots are printed with business reply permits – pursuant to Section 115.285, RSMo., Local Election Authorities are reimbursed for these costs by the Missouri Secretary of State's Office at a current cost of

$1.80 per envelope based on the current size and weight of the envelope and ballot; multiple-page ballots would increase these costs.

Ballot printing costs: Local Election Authorities bear the cost of printing ballots for each election – paying to print multiple page ballots would substantially increase printing costs.

Due to situational variables, it is not possible to determine a concrete amount of fiscal impact to this measure (beyond the aforementioned machine replacements). However, the costs to the state and to local election authorities could be significant.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are anticipated costs to their county for initiative petition, 20-140. The total cost is anticipated to be $104,718.90 for even numbered year general elections, as the costs would be ongoing with each general election. The attachment on the next page outlines the anticipated costs.

Misc. Election Workers					
DS 200 Testing Hours	837.00	X	$ 11.87	=	$ 9,935.19
Express Vote Testing Hours	656.04	X	$ 11.87	=	$ 7,787.19
TOTAL					$17,722.38

DS 200 ABS/CPLTesting		
# of ballots in largest test deck	23	
# of ballot styles	174	
Total of ballots	4002	
350 ballots/hr to feed	11.43428571	
minutes/machine to set up & tear down	0.25	
Total time per machine to run test deck	11.68428571	
# of machines to test x time/machine	10	116.8428571
# of people/machine x time	2	
Total time to test		233.6857143

DS 200 Polling PlaceTesting		
# of ballots in largest test deck	23	
# of ballot styles	174	
est. styles per machine	2	
Total of ballots	46	
350 ballots/hr to feed	0.131428571	
minutes/machine to set up & tear down	0.25	
Total Time per machine to run test deck	0.38	
# of machines	90	34.33
number of people/machine	2	
Total time to test		68.66
Time to test ABS/CPL and Polling Pace		302.34
Time to test x 2 (PreLat & PostLat)		604.69

ExpressVote ABS/CPL Testing	
# of machines	44
# of ballot styles	174
est. styles per machine	29
Total of ballots	7656
25 ballots/ hour to proof	306.24

minutes/machine to set up & tear down	0.25	306.49
number of people/machine	2	
Total		612.98

ExpressVote Polling Location Testing		
# of machines	76	
# of ballot styles	174	
est. styles per machine	7	
Total of ballots	532	
25 ballots/ hour to proof	21.28	
minutes/machine to set up & tear down	0.25	21.53
number of people/machine	2	
Total		43.06
Total Test Time Express Vote		656.04

DS 200	Charge		Quantity	Cost	
Base Charge Precinct Tabulator	$	525.00	1	$	525.00
Base Charge ERM File Setup	$	525.00	1	$	525.00
Ballot Types	$	78.75	174	$	13,702.50
Precincts	$	9.45	79	$	746.55
Splits	$	9.45	56	$	529.20
Faces	$	16.80	29	$	487.20
Contest and Issues	$	18.50	37	$	684.50
Candidates/Responses	$	8.00	99	$	792.00
Media Burn	$	12.50	215	$	2,687.50
DS200 RCV Upgrade Protection	$	61.00	1	$	61.00
Ballot on Demand					
Unique PDF Creation	$	1.00	174	$	174.00
BOD Ballots	$	0.45	2,000	$	900.00
BOD Election Setup	$	250.00	1	$	250.00
Onsite RCV Installation	$	6,500.00	1	$	6,500.00
Test Deck					
Layout Charge	$	36.75	174	$	6,394.50
ESSIM Test Deck Creation	$	325.00	1	$	325.00
Sample Ballot Creation	$	40.00	1	$	40.00
Two races, 10 candidates RCV	$	633.75	2	$	1,267.50
Coding Ballots	$	0.21	145	$	30.45
Test Ballots	$	0.21	667	$	140.07
Printed Ballots					
Charge per absentee ballot	$	0.21	12,650	$	2,656.50
Charge per regular ballot	$	0.22	204,390	$	44,965.80
Sample Ballots	$	0.21	2,150	$	451.50
				$	84,384.27
Total DS 200 Cost					

Express Votes					
Audio: Language Setup	$	350.00	1	$	350.00
Audio: Candidates yes/no	$	10.25	47	$	481.75
Audio: Contests/Issues	$	17.00	26	$	442.00
Audio: Political Parties	$	5.25	6	$	31.50
Audio: Props/Amendments Instructions	$	21.00	17	$	357.00
Express Vote Cards	$	0.095	10,000	$	950.00
Total Express Vote Cost				$	2,612.25

Total IP Cost	$ 104,718.90

Officials from **St. Louis County** indicated this petition, if ultimately enacted, does not appear as if it would have a fiscal impact on the operations of their county.

Officials from the **City of Kansas City** indicated this proposed amendment will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they suspect the start-up costs to revamping the state wide election process will be significant for a few years. With this in mind, they can envision a negative fiscal impact for all other state funded programs including their school district.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from the **St. Louis County Board of Elections** indicated they estimate that this amendment would require a $50,000 software upgrade to comply with ranked-choice voting. It is important to add that in their opinion, there is no way to aggregate and tabulate ranked-choice voting results on a statewide basis.

Officials from the **Kansas City Board of Election Commissioners** indicated there are only a few jurisdictions in Missouri (Kansas City Board of Election Commissioners) that purchased equipment that is capable of completing the ranking system with upgraded software. The other LEA's in Missouri do not have equipment that is capable of ranking the candidates.

For Kansas City Board of Election Commissioners this bill will substantially increase the cost of elections for several reasons. The initial expense of upgrading software, programming of election equipment and training of staff will cost at least $25,000. There will be permanent per election increases for printing of multi-page ballots, costing an additional $40,000, plus $10,000 in postage per election. Election judges would need to be retrained at $45,000 and legal notices of $30,000 would need to be published to explain the differences with the new law. Besides the increase in expenses, there will be public outrage when winning candidates become losing candidates due to the law. Recounts would be impossible to explain to the media, candidates or interested parties.

Software, programming and staff training of $25,000 would be a one-time expense. Postage and Printing of $50,000 ($40,000 + $10,000) would be a potential increase every time we had an election with ranked choice voting. Training of election judges and legal notices would be a one-time expense.

The State Auditor's office did not receive a response from the **Department of Higher Education and Workforce Development, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,**

the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

The state legislature is estimated to save approximately $271,000 annually. State and local governments could incur additional election-related costs that could be significant ranging from $150,000 to $38 million in one-time costs and unknown ongoing costs totaling at least $154,000 for each general election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 6, 2019

RECEIVED
NOV 06 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, version 11 (2020-139)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on November 6, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

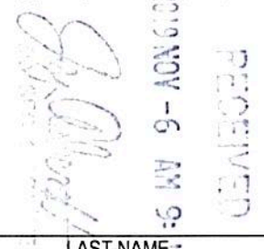
It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.



[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Signature of Notary _____

Address of Notary _____ (Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 22, and adopting two new sections to be known as Article VIII, Sections 24 and 25.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 22, and adopting two new sections to be known as Article VIII, Sections 24 and 25 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible all eligible citizens are registered to vote. Only American citizens who are residents of Missouri and meet all other legal criteria established under general election law shall be allowed to register to vote or to vote.

2. The secretary of state shall establish a process to automatically register to vote all eligible citizens subject to the following provisions.

(1) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(2) The secretary of state may also request lists of eligible citizens from additional state agencies including any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction, any agency that has records of eligible citizens who would not otherwise be registered to vote, and any agency that is required to offer voter registration services under any other provision of law including but not limited to Section 7 of the National Voter Registration Act as amended. Such lists shall be provided on at least a weekly basis as eligible citizens conduct transactions with the agencies from which the lists are requested.

(3) Based on the lists received under this subsection, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(4) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, a voter has not declined registration by the method provided, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(5) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration if the record of such individual is

transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

(6) In no case shall any agency or the secretary of state be required to provide lists of eligible voters who did not conduct a transaction with said agency or secretary of state in the week prior to the production of the list.

3. Methods of voter registration other than those provided for in subsection 2 of this section may be provided for by law. Nothing in this section shall invalidate methods of voter registration that existed prior to its adoption.

4. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

5. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 22. If any portion, clause, or phrase of this Article [Amendment] is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. In order to prevent voter fraud and election tampering, the secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-139)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received November 6, 2019)

Date

November 26, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may be required to request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated a total estimated net effect on all state funds of $0 for fiscal year 2020, $0 for fiscal year 2021, and $0 for fiscal year 2022.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated they assume this will have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have a fiscal impact on their department. It would cause increased operating costs in the General Revenue Fund of $40,034 for fiscal year (FY) 2021 for salary costs and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

Additional state agencies as described in Section 5 (2) may be affected.

OA-ITSD cost estimate equals 298.08 hours x $75 = $28,318

ITSD - DOR							
Bill Number	IP 20-139	FN #	IP 20-139				
Bill Section(s)	5.2						
Application Name:	DMVC/MyDMV				**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			95	17	1,615	-	-
Analysis			95	17	1,615	-	-
Design			95	17	1,615	-	-
Development			95	168	15,960	-	-
Test			95	50	4,750	-	-
Implementation			95	7	665	-	-
Project Management			95	22.08	2,098	-	-
On-going support			95		-	-	-
Section Total IT Consultants:			95	298.08	28,318	-	-
Other Costs:			**Cost Per**	**Number**	**$**	**$**	**$**
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-

		-	-	-	-	-
Section Total Other Costs:				-	-	-
Section Total Expenditures:				28,318	-	-
General Revenue				28,318		-
Federal					-	-
Other						
Section Funding:				28,318	-	-
Should be $0				0	-	-

2. Does this proposal duplicate any other program?
No
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)
This bill impacts the Online Address Change website to collect change of addresses by citizens
8b. Explantion of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.
Language in the IP is already being implemented in a rewrite of the online address change website process

Section 5 (1)

The proposed language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the state of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes it will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend or discontinue current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

Administrative Impact

To implement provisions of Section 5 (1) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021
Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021
Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager -	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,715.60

OA-ITSD Impact

ITSD - DOR							
Bill Number	IP 20-139	FN #	IP 20-139				
Bill Section(s)	5.2						
Application Name:	DMVC/MyDMV				**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			95	17	1,615	-	-
Analysis			95	17	1,615	-	-
Design			95	17	1,615	-	-
Development			95	168	15,960	-	-
Test			95	50	4,750	-	-
Implementation			95	7	665	-	-
Project Management			95	22.08	2,098	-	-
On-going support			95		-	-	-
Section Total IT Consultants:			95	298.08	28,318	-	-

Other Costs:		Cost Per	Number	$	$	$
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
Section Total Other Costs:				-	-	-
Section Total Expenditures:				28,318	-	-
General Revenue				28,318		-

The department also provided the following comments:

Section 5 (1)

For purpose of this fiscal note the Department assumes that it will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated this initiative petition should have no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition should not have a fiscal impact to their department/Missouri Highways and Transportation Commission. The reporting of a list of citizens for voting is not eligible to be paid for with State Revenue Derived from Highway Users (SRHU), and further, Article IV, Section 30(b), Missouri Constitution limits the Department of Revenue (DOR) to its actual costs to collect SRHU and caps the amount of SRHU that DOR may receive to no more than 3% of the proceeds of SRHU collected.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 22 and adopting two new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that an absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop a new interface, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated they could have a fiscal impact if they were interpreted to be at state agency and had to provide a list; however, their office currently does not retain or collect any of the voter information referenced in the provisions found in Section 5., paragraph 2, subsection (2), and therefore based on the information and data they currently maintain, they would have no fiscal impact.

Officials from **Greene County** indicated the following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **20.9%** of the population is under **18** years old, which accounts for **60,957** residents. They have on average **190,000** registered voters, of which about **30,000 (16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
AP = Annual Pay

291,923 R's – 60,957 R's under **18 yrs = 230,966 R's 18 yrs** or older

230,966 R's 18 yrs or older – **190,000 RV's = 40,966 PV's**

40,966 PV's x .50 MC = $20,483

40,966 PV x 1.06 CPC2P = $43,423.96

If they have approximately **40,966 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$20,483 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P.** This adds an additional **$43,423.96** to the cost when it is multiplied by the estimated **40,966** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost will be **$24,689.60** per hire for their annual pay. The total annual cost for two fulltime hires will be **$49,379.20.**

40,966 PV's x .50 MC	**= $20,483**
40,966 PV's x 1.06 CPC2P	**= $43,423.96**
2 FTH x $24,689.60 AP	**= $49,379.20**
Total:	**= $113,286.16**

The total estimated initial cost for Greene County for **IP 20-139** proposing to amend Article VIII, version 11, will cost Greene County **$113,286.16** with a minimum ongoing cost of **$49,379.20** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from **St. Louis County** indicated they do not foresee a substantial fiscal impact on the operations of St. Louis County Government.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated with regards to petitions 20-129 through 20-139, which all appear to pertain to the establishment of an automatic voter registration process; admittedly they did not read each of these word for word, however the two they did read (20-129 and 20-138) did not appear to have any specific fiscal impact unique to their school district other than the cost this process may have to the state's general revenue. In which case there will be slightly less money available for all other state funded services, including their school.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $9,000 annually. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000.

Officials from the **Kansas City Election Board** indicated additional costs of $80,000 per year and $30,500 per election for this initiative petition. The spreadsheet on the next page shows the anticipated costs for all 11 versions of this fiscal note. This estimate was based on one election per year, would range from $110,500 to $123,500 depending on the services provided. Two additional staff would need to be hired to process the additional affidavits for $80,000, including benefits, (fixed expenses). There would variable costs for each election for postage, printing, staff overtime, temporary expense, election services fee of 5% and other miscellaneous expenses ranging from $30,500 to $43,500.

Kansas City Election Board Fiscal Notes 11/15/2019	Two Voter Services Employees w/ Benefits	Postage	Supplies & Printing	Overtime	Temporaries	Parking & Other Services	Election Services Fee	Total	DMV	Early Absentee	Risk-Limit Auditing	Sat & Sun Extended Hours	Secret Ballot
Fiscal Notice 20-129	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-130	$80,000	$7,500	$5,000	$7,500	$7,500	$6,000	$5,000	$118,500	x	x	x	x	
Fiscal Notice 20-131	$80,000	$7,500	$5,000	$7,500	$7,500	$6,000	$5,000	$118,500	x	x	x	x	
Fiscal Notice 20-132	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-133	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-134	$80,000	$7,500	$7,500	$7,500	$10,000	$6,000	$5,000	$123,500	x	x	x	x	x
Fiscal Notice 20-135	$80,000	$7,500	$7,500	$7,500	$10,000	$6,000	$5,000	$123,500	x	x	x	x	x
Fiscal Notice 20-136	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-137	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-138	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-139	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		

Officials from the **Platte County Election Board** indicated they anticipate no fiscal impact.

Officials from the **State Auditor's office** indicated this initiative petition proposal should have no fiscal impact on their office and any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
15 November 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for Ballot Initiatives in 11 Variations 20-129 through 20-139

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of petition-based ballot initiatives to amend the Missouri Constitution in 11 variations: 20-129 through 20-139.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We analyzed the fiscal note for petition 20-072, on which these petitions are based. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. Finally, we considered reports provided by counties and states like California, Colorado, Michigan, and North Carolina that recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of *$0 to the State of Missouri.***

   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018; see also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[1], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). In the fiscal note for a similar version of this petition (20-072), the State Auditor predicted a similar figure for modernizing the Missouri Centralized Voter Registration ($1,000,000) with modest figures for programming software updates ($34,072).

   As we emphasized in our earlier letter to your office, however, Missouri has *no reason to rely solely on its own resources* for modernizing its election technologies. In 2018, Missouri received *$7,230,625* for these express purposes from the Federal Government.[2] Moreover, the 5% matching funds required of the State have already been provided, according to the Federal Financial Report, so it is also not necessary to budget an additional sum of approximately $50-60,000 for those matching funds. According to the U. S. Election Assistance Commission, states may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (see #2 below). In the *Missouri 2018 HAVA Program and Budget Narrative* submitted to the U. S. Election Assistance Commission in July 2018, Secretary of State John Ashcroft specifically mentions that his office plans to use these Federal resources to "modernize" the MCVR and upgrade both physical and electronic security, among other things.

1 According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

2 According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. According to the report from 2018, Missouri has currently spent $224,922 of $7,230,625 requested, leaving a balance of *$7,037,285* including interest. Missouri has until March 22, 2023 to spend these funds.

In other words, these expenses are already accounted for. To be sure, new needs may arise in the course of making these improvements, but they are unknown. The most accurate estimate for new infrastructural costs *due to the petition would therefore be "$0 to unknown".*

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**

   The Federal grants (listed above) that cover upgrading our technology for cybersecurity etc.[3] could also be used to cover infrastructural improvements for risk-limiting audits. These Federal grants have already been received and State matching funds have already been apportioned for those purposes.

   Long-term, there may be ongoing costs or even net savings; but it is impossible to estimate them without knowing which specific kind of risk-limiting audits and what kinds of cybersecurity technologies will be implemented. *It makes the most sense to list them as "$0 to unknown."*

3. **There will be no ($0) up-front costs for "opt-out" mailings for automatic voter registration because the petitions no longer mandate an initial mailing to all non-registered voters.**

   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for an initial set of "opt-out" mailings based on the number of eligible non-registered voters in government records.[4] In the fiscal note for petition 20-072, the Secretary of State estimated that there are 743,280 eligible non-registered voters who could be contacted at a total expense statewide for local election officials of as much as or more than $702,222. Yet this estimate of eligible voters is probably two times too high;[5] and the current petitions 20-129 through -139 no longer mandate an initial mailing to allow all those non-registered voters to "opt-out" of voter registration beginning in 2021. These expenses should therefore be *removed entirely from the fiscal cost analysis ($0)* and no other new expenses should be added.

3 *Ibid.*

4 The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing, as per the Secretary of State, $668,952 + $33,270 = $702,222. Yet data from the United States Election Project suggests that this population estimate is two times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

5 *Ibid.*

[**Clarification**: The new batch of petitions specifically stipulate in Section 5.2(5): "In no case shall any agency or the Secretary of State be required to provide lists of eligible voters who did not conduct a transaction with said agency or Secretary of State in the week prior to the production of the list." The former petitions mandated the creation of lists of *all potential* voters who are currently not registered. They would have required a large single mailing at the first implementation of these new procedures. The current petitions refer simply to lists of *new* voters identified each week through regular automatic voter registration procedures, for instance, when eligible voters seek to renew a license at the Department of Motor Vehicles.]

4. The long-term cost of automatic voter registration is "unknown."

Fiscal notes for prior legislation offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[6] In the fiscal note for a similar version of this petition (20-072), only St. Louis County listed ongoing costs of automatic voter registration at $9,000 for printing and mailing costs.

[**Clarification**: The Secretary of State overestimates the number of non-registered eligible voters who would ultimately be registered through the automatic voter registration process. We know, for instance, that many voters self-register or are registered in voter registration drives by non-profit organizations. Moreover, this figure fails to consider opportunities to economize the voter registration process that typically come with automatic voter registration (see below). The Secretary of State draws a similar conclusion about ongoing costs in his comment for petition 20-072: "The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases."]

No additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont. Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[7] In various states, however, automatic voter registration has

6 For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29 Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

7 Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reduced other costs, for instance, by reducing the number of provisional ballots.[8] Arguably large cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[9] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. We therefore urge the State Auditor to describe these costs as *"$0 to unknown."*

5. Moving the final registration date to fifteen days before election day will cost $0.

There are still no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). In the fiscal note for petition (20-072), only Greene County mentions any additional costs whatsoever for moving back the last possible registration date, claiming that it requires the hiring of 2.5 additional employees at $49,379.20 annually; but they justify these hires also on the basis of higher costs for administering absentee mailing and risk-limited auditing post-election. Most other counties do not report any need for additional expenditures.

This conclusion is demonstrated by comparative evidence from other states who have implemented *same-day* registration: they either report *no* increase in long-term cost for new technology and staff, or report a reallocation of existing resources to absorb those expenses.[10] In 2012, California approved Conditional Voter

8 National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

9 In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

10 According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration.

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to *same-day* registration.[11] The policy proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[12]

It is therefore reasonable to assume that *no additional expenses ($0) would be incurred.*

6. The cost to allow all eligible voters to vote "without excuse" by absentee ballot is "unknown" if not $0.

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[13] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies.

Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. In the

Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

11 The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

12 The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

13 Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Barry Burden and Charles Stewart, *The Measure of American Elections* (Cambridge, 2014), p. 118.

fiscal note for 20-072, Greene County includes the expense of absentee ballots (along with other things) at $49,379.20 annually; but the much larger St. Louis County set this figure at $30,000; and Platt County at $3,000. The reason: costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to absentee voting before the necessary infrastructure has been created.

But it is far more likely that there will be a more gradual adjustment period because state- and even county-specific voting cultures are often strong predictors of future behavior, which suggests that there will be some inertia when it comes to voting practices.[14] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[15] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[16] It thus seems reasonable to assume, given the fact that absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[17]

Moreover, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[18] St. Louis County is anticipating that this reduction in costs from fewer polling locations on election day will offset some of the new costs.

14 Burden and Stewart, *Measure*.

15 Madera County, CA, Election Administration Plan 2018.

16 As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

17 See for instance Sawyer, *Early Voting*.

18 In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

Given the wide variation in reporting from counties, the likelihood of short-term cost fluctuations, as well as the likelihood of long-term savings, all of an indeterminate quantity, it makes the most sense to describe the fiscal impact *as "$0 to unknown."*

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[19] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[20] For both practical and financial reasons, we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[21] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[22] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for

19 For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

20 For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

21 Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

22 For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days before election day for a total of $41,856, which is a reduction in cost. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

transportation and rental space), as has happened in other states.[23] It also reduces the number of provisional ballots.[24]

If at all, the 102 rural counties in Missouri with fewer than 50,000 voters would incur costs only for overtime for its staff on the Saturday and Sunday before election day. In the fiscal note for petition 20-072, the Secretary of State anticipated that these additional weekend hours would require 348 judge-days statewide (two judges for 1.5 days in all 116 jurisdictions) for $375 per jurisdiction or $43,500 per election.

> [**Clarification**: Petitions 20-129, 132-133, and 136-139 do not mandate weekend hours, which should exclude these figures from the fiscal cost analysis.

Overall, early voting has been proven in other states to *drastically reduce* costs in the long-term and/or allowed for the reallocation of scarce resources.[25] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[26] Doing so may require some trial and error, as other states have experienced.[27]

23 Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

24 Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

25 Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

26 For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1262 registered voters per 8-hour day or 158 per hour in an early voting period of 42 days if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 631 per day and 79 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 258 registered voters per day or 33 per hour in a single voting center without having to open a second center.

27 Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[**Clarification**: In the case of Petitions 20-130-131 and 134-135 which mandate weekend hours before election day, local election officers could easily reallocate existing staff to cover those hours.[28]]

Given the flexibility in the legislation to adapt to local conditions, the fiscal impact cannot be precisely measured. It should be stated as *"$0 to unknown."*

These points, especially when taken together, indicate that there is a strong likelihood of new short-term expenses resulting from these petitions along with significant opportunities for long-term cost savings. This variation makes it impossible to estimate the net fiscal impact of this multifaceted legislation.[29] We therefore advise the State Auditor to summarize the potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

28 For instance, local election officials could ensure that there are two staff members available on the Saturday and Sunday of the weekend before election day either by creating a 46 minute daily reduction in a single staff member's daily schedule for the 42 days of early voting or offering two days day off during the week for two staff members during a period of low voter activity. Some local election officers already engage in such practices.

29 The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and *overall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from the **Department of Higher Education and Workforce Development, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $746,000 in one-time costs, $138,000 in annual costs, and $31,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 6, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
NOV 0 6 2019
STATE AUDITORS OFFICE

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, version 10 (2020-138)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on November 6, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

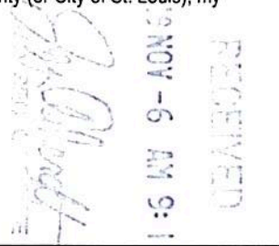
It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.



[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Signature of Notary _____

Address of Notary _____ (Seal)

20-138

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 22, and adopting three new sections to be known as Article VIII, Sections 24, 25, and 26.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 22, and adopting three new sections to be known as Article VIII, Sections 24, 25, and 26 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible all eligible citizens are registered to vote. Only American citizens who are residents of Missouri and meet all other legal criteria established under general election law shall be allowed to register to vote or to vote.

2. The secretary of state shall establish a process to conduct automatic voter registration of all eligible citizens subject to the following provisions.

(1) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(2) Based on the list received under this subsection, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(3) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, a voter has not declined registration by the method provided, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(4) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration if the record of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

(5) In no case shall any agency or the secretary of state be required to provide lists of eligible voters who did not conduct a transaction with said agency or secretary of state in the week prior to the production of the list.

3. Methods of voter registration other than those provided for in subsection 2 of this section may be provided for by law. Nothing in this section shall invalidate methods of voter registration that existed prior to its adoption.

4. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

5. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 22. If any portion, clause, or phrase of this Article [Amendment] is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. In order to prevent voter fraud and election tampering, the secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Every citizen of the United States who is a qualified, registered voter in Missouri shall have the right to vote a secret ballot in all elections called pursuant to general election law.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-138)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received November 6, 2019)

Date

November 26, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may be required to request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated a total estimated net effect on all state funds of $0 for fiscal year 2020, $0 for fiscal year 2021, and $0 for fiscal year 2022.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated they assume this will have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have a fiscal impact on their department. It would cause increased operating costs in the General Revenue Fund of $40,034 for fiscal year (FY) 2021 for salary costs and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

OA-ITSD cost estimate equals 298.08 hours x $75 = $28,318

ITSD - DOR							
Bill Number	IP 20-138	FN #	IP 20-138				
Bill Section(s)	5.2						
Application Name:	DMVC/MyDMV				**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			95	17	1,615	-	-
Analysis			95	17	1,615	-	-
Design			95	17	1,615	-	-
Development			95	168	15,960	-	-
Test			95	50	4,750	-	-
Implementation			95	7	665	-	-
Project Management			95	22.08	2,098	-	-
On-going support			95		-	-	-
Section Total IT Consultants:			95	298.08	28,318	-	-
Other Costs:			**Cost Per**	**Number**	**$**	**$**	**$**
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-

		-	-	-	-	-
Section Total Other Costs:				-	-	-
Section Total Expenditures:				28,318	-	-
General Revenue				28,318		-
Federal					-	-
Other						
Section Funding:				28,318	-	-
Should be $0				0	-	-

2. Does this proposal duplicate any other program?
No
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)
This bill impacts the Online Address Change website to collect change of addresses by citizens
8b. Explantion of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.
Language in the IP is already being implemented in a rewrite of the online address change website process

Section 5 (1)

The proposed language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the state of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes it will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend or discontinue current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

Administrative Impact

To implement provisions of Section 5 (1) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021
Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021
Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager -	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,715.60

OA-ITSD Impact

ITSD - DOR							
Bill Number	IP 20-138	FN #	IP 20-138				
Bill Section(s)	5.2						
Application Name:	DMVC/MyDMV				**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			95	17	1,615	-	-
Analysis			95	17	1,615	-	-
Design			95	17	1,615	-	-
Development			95	168	15,960	-	-
Test			95	50	4,750	-	-
Implementation			95	7	665	-	-
Project Management			95	22.08	2,098	-	-
On-going support			95		-	-	-
Section Total IT Consultants:			95	298.08	28,318	-	-

Other Costs:		**Cost Per**	**Number**	**$**	**$**	**$**
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
Section Total Other Costs:				-	-	-
Section Total Expenditures:				28,318	-	-
General Revenue				28,318		-

The department also provided the following comments:

Section 5 (1)

For purpose of this fiscal note the Department assumes that it will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated this initiative petition should have no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition should not have a fiscal impact to their department/Missouri Highways and Transportation Commission. The reporting of a list of citizens for voting is not eligible to be paid for with State Revenue Derived from Highway Users (SRHU), and further, Article IV, Section 30(b), Missouri Constitution limits the Department of Revenue (DOR) to its actual costs to collect SRHU and caps the amount of SRHU that DOR may receive to no more than 3% of the proceeds of SRHU collected.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 22 and adopting three new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration. The Department of Revenue shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that an absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal provides that every qualified, registered voter shall have the right to vote using a secret ballot.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop a new interface, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is

estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated the following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **20.9%** of the population is under **18** years old, which accounts for **60,957** residents. They have on average **190,000** registered voters, of which about **30,000 (16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
AP = Annual Pay
291,923 R's – 60,957 R's under **18 yrs = 230,966 R's 18 yrs** or older

230,966 R's 18 yrs or older – **190,000 RV's = 40,966 PV's**

40,966 PV's x .50 MC = $20,483

40,966 PV x 1.06 CPC2P = $43,423.96

If they have approximately **40,966 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$20,483 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$43,423.96** to the cost when it is multiplied by the estimated **40,966** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost will be **$24,689.60** per hire for their annual pay. The total annual cost for two fulltime hires will be **$49,379.20.**

40,966 PV's x .50 MC	**= $20,483**
40,966 PV's x 1.06 CPC2P	**= $43,423.96**
2 FTH x $24,689.60 AP	**= $49,379.20**
Total:	**= $113,286.16**

The total estimated initial cost for Greene County for **IP 20-138** proposing to amend Article VIII, version 10, will cost Greene County **$113,286.16** with a minimum ongoing cost of **$49,379.20** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from **St. Louis County** indicated they do not foresee a substantial fiscal impact on the operations of St. Louis County Government.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated with regards to petitions 20-129 through 20-139, which all appear to pertain to the establishment of an automatic voter registration process; admittedly they did not read each of these word for word, however the two they did read (20-129 and 20-138) did not appear to have any specific fiscal impact unique to their school district other than the cost this process may have to the state's general revenue. In which case there will be slightly less money available for all other state funded services, including their school.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $9,000 annually. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000.

Officials from the **Kansas City Election Board** indicated additional costs of $80,000 per year and $35,500 per election for this initiative petition. The spreadsheet on the next page shows the anticipated costs for all 11 versions of this fiscal note. This estimate was based on one election per year, would range from $110,500 to $123,500 depending on the services provided. Two additional staff would need to be hired to process the additional affidavits for $80,000, including benefits, (fixed expenses). There would variable costs for each election for postage, printing, staff overtime, temporary expense, election services fee of 5% and other miscellaneous expenses ranging from $30,500 to $43,500.

Kansas City Election Board Fiscal Notes 11/15/2019	Two Voter Services Employees w/ Benefits	Postage	Supplies & Printing	Overtime	Temporaries	Parking & Other Services	Election Services Fee	Total	DMV	Early Absentee	Risk-Limit Auditing	Sat & Sun Extended Hours	Secret Ballot
Fiscal Notice 20-129	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-130	$80,000	$7,500	$5,000	$7,500	$7,500	$6,000	$5,000	$118,500	x	x	x	x	
Fiscal Notice 20-131	$80,000	$7,500	$5,000	$7,500	$7,500	$6,000	$5,000	$118,500	x	x	x	x	
Fiscal Notice 20-132	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-133	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-134	$80,000	$7,500	$7,500	$7,500	$10,000	$6,000	$5,000	$123,500	x	x	x	x	x
Fiscal Notice 20-135	$80,000	$7,500	$7,500	$7,500	$10,000	$6,000	$5,000	$123,500	x	x	x	x	x
Fiscal Notice 20-136	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-137	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-138	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-139	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		

Officials from the **Platte County Election Board** indicated they anticipate no fiscal impact.

Officials from the **State Auditor's office** indicated this initiative petition proposal should have no fiscal impact on their office and any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
15 November 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for Ballot Initiatives in 11 Variations 20-129 through 20-139

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of petition-based ballot initiatives to amend the Missouri Constitution in 11 variations: 20-129 through 20-139.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We analyzed the fiscal note for petition 20-072, on which these petitions are based. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. Finally, we considered reports provided by counties and states like California, Colorado, Michigan, and North Carolina that recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of *$0 to the State of Missouri.***

   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018; see also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[1], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). In the fiscal note for a similar version of this petition (20-072), the State Auditor predicted a similar figure for modernizing the Missouri Centralized Voter Registration ($1,000,000) with modest figures for programming software updates ($34,072).

   As we emphasized in our earlier letter to your office, however, Missouri has *no reason to rely solely on its own resources* for modernizing its election technologies. In 2018, Missouri received *$7,230,625* for these express purposes from the Federal Government.[2] Moreover, the 5% matching funds required of the State have already been provided, according to the Federal Financial Report, so it is also not necessary to budget an additional sum of approximately $50-60,000 for those matching funds. According to the U. S. Election Assistance Commission, states may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (see #2 below). In the *Missouri 2018 HAVA Program and Budget Narrative* submitted to the U. S. Election Assistance Commission in July 2018, Secretary of State John Ashcroft specifically mentions that his office plans to use these Federal resources to "modernize" the MCVR and upgrade both physical and electronic security, among other things.

1 According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

2 According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. According to the report from 2018, Missouri has currently spent $224,922 of $7,230,625 requested, leaving a balance of *$7,037,285* including interest. Missouri has until March 22, 2023 to spend these funds.

In other words, these expenses are already accounted for. To be sure, new needs may arise in the course of making these improvements, but they are unknown. The most accurate estimate for new infrastructural costs *due to the petition would therefore be "$0 to unknown".*

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**

   The Federal grants (listed above) that cover upgrading our technology for cybersecurity etc.[3] could also be used to cover infrastructural improvements for risk-limiting audits. These Federal grants have already been received and State matching funds have already been apportioned for those purposes.

   Long-term, there may be ongoing costs or even net savings; but it is impossible to estimate them without knowing which specific kind of risk-limiting audits and what kinds of cybersecurity technologies will be implemented. *It makes the most sense to list them as "$0 to unknown."*

3. **There will be no ($0) up-front costs for "opt-out" mailings for automatic voter registration because the petitions no longer mandate an initial mailing to all non-registered voters.**

   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for an initial set of "opt-out" mailings based on the number of eligible non-registered voters in government records.[4] In the fiscal note for petition 20-072, the Secretary of State estimated that there are 743,280 eligible non-registered voters who could be contacted at a total expense statewide for local election officials of as much as or more than $702,222. Yet this estimate of eligible voters is probably two times too high;[5] and the current petitions 20-129 through -139 no longer mandate an initial mailing to allow all those non-registered voters to "opt-out" of voter registration beginning in 2021. These expenses should therefore be *removed entirely from the fiscal cost analysis ($0)* and no other new expenses should be added.

3 *Ibid.*

4 The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing, as per the Secretary of State, $668,952 + $33,270 = $702,222. Yet data from the United States Election Project suggests that this population estimate is two times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

5 *Ibid.*

[**Clarification**: The new batch of petitions specifically stipulate in Section 5.2(5): "In no case shall any agency or the Secretary of State be required to provide lists of eligible voters who did not conduct a transaction with said agency or Secretary of State in the week prior to the production of the list." The former petitions mandated the creation of lists of *all potential* voters who are currently not registered. They would have required a large single mailing at the first implementation of these new procedures. The current petitions refer simply to lists of *new* voters identified each week through regular automatic voter registration procedures, for instance, when eligible voters seek to renew a license at the Department of Motor Vehicles.]

4. The long-term cost of automatic voter registration is "unknown."

Fiscal notes for prior legislation offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[6] In the fiscal note for a similar version of this petition (20-072), only St. Louis County listed ongoing costs of automatic voter registration at $9,000 for printing and mailing costs.

[**Clarification**: The Secretary of State overestimates the number of non-registered eligible voters who would ultimately be registered through the automatic voter registration process. We know, for instance, that many voters self-register or are registered in voter registration drives by non-profit organizations. Moreover, this figure fails to consider opportunities to economize the voter registration process that typically come with automatic voter registration (see below). The Secretary of State draws a similar conclusion about ongoing costs in his comment for petition 20-072: "The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases."]

No additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont. Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[7] In various states, however, automatic voter registration has

6 For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

7 Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reduced other costs, for instance, by reducing the number of provisional ballots.[8] Arguably large cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[9] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. We therefore urge the State Auditor to describe these costs as *"$0 to unknown."*

5. Moving the final registration date to fifteen days before election day will cost $0.

There are still no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). In the fiscal note for petition (20-072), only Greene County mentions any additional costs whatsoever for moving back the last possible registration date, claiming that it requires the hiring of 2.5 additional employees at $49,379.20 annually; but they justify these hires also on the basis of higher costs for administering absentee mailing and risk-limited auditing post-election. Most other counties do not report any need for additional expenditures.

This conclusion is demonstrated by comparative evidence from other states who have implemented *same-day* registration: they either report *no* increase in long-term cost for new technology and staff, or report a reallocation of existing resources to absorb those expenses.[10] In 2012, California approved Conditional Voter

8 National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

9 In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

10 According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration.

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to *same-day* registration.[11] The policy proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[12]

It is therefore reasonable to assume that *no additional expenses ($0) would be incurred.*

6. The cost to allow all eligible voters to vote "without excuse" by absentee ballot is "unknown" if not $0.

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[13] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies.

Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. In the

Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

11 The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

12 The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

13 Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Barry Burden and Charles Stewart, *The Measure of American Elections* (Cambridge, 2014), p. 118.

fiscal note for 20-072, Greene County includes the expense of absentee ballots (along with other things) at $49,379.20 annually; but the much larger St. Louis County set this figure at $30,000; and Platt County at $3,000. The reason: costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to absentee voting before the necessary infrastructure has been created.

But it is far more likely that there will be a more gradual adjustment period because state- and even county-specific voting cultures are often strong predictors of future behavior, which suggests that there will be some inertia when it comes to voting practices.[14] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[15] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[16] It thus seems reasonable to assume, given the fact that absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[17]

Moreover, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[18] St. Louis County is anticipating that this reduction in costs from fewer polling locations on election day will offset some of the new costs.

14 Burden and Stewart, *Measure*.

15 Madera County, CA, Election Administration Plan 2018.

16 As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

17 See for instance Sawyer, *Early Voting*.

18 In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

Given the wide variation in reporting from counties, the likelihood of short-term cost fluctuations, as well as the likelihood of long-term savings, all of an indeterminate quantity, it makes the most sense to describe the fiscal impact *as "$0 to unknown."*

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[19] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[20] For both practical and financial reasons, we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[21] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[22] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for

19 For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

20 For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

21 Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

22 For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days before election day for a total of $41,856, which is a reduction in cost. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

transportation and rental space), as has happened in other states.[23] It also reduces the number of provisional ballots.[24]

If at all, the 102 rural counties in Missouri with fewer than 50,000 voters would incur costs only for overtime for its staff on the Saturday and Sunday before election day. In the fiscal note for petition 20-072, the Secretary of State anticipated that these additional weekend hours would require 348 judge-days statewide (two judges for 1.5 days in all 116 jurisdictions) for $375 per jurisdiction or $43,500 per election.

> [**Clarification**: Petitions 20-129, 132-133, and 136-139 do not mandate weekend hours, which should exclude these figures from the fiscal cost analysis.

Overall, early voting has been proven in other states to *drastically reduce* costs in the long-term and/or allowed for the reallocation of scarce resources.[25] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[26] Doing so may require some trial and error, as other states have experienced.[27]

23 Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

24 Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

25 Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

26 For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1262 registered voters per 8-hour day or 158 per hour in an early voting period of 42 days if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 631 per day and 79 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 258 registered voters per day or 33 per hour in a single voting center without having to open a second center.

27 Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[**Clarification**: In the case of Petitions 20-130-131 and 134-135 which mandate weekend hours before election day, local election officers could easily reallocate existing staff to cover those hours.[28]]

Given the flexibility in the legislation to adapt to local conditions, the fiscal impact cannot be precisely measured. It should be stated as *"$0 to unknown."*

These points, especially when taken together, indicate that there is a strong likelihood of new short-term expenses resulting from these petitions along with significant opportunities for long-term cost savings. This variation makes it impossible to estimate the net fiscal impact of this multifaceted legislation.[29] We therefore advise the State Auditor to summarize the potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

28 For instance, local election officials could ensure that there are two staff members available on the Saturday and Sunday of the weekend before election day either by creating a 46 minute daily reduction in a single staff member's daily schedule for the 42 days of early voting or offering two days day off during the week for two staff members during a period of low voter activity. Some local election officers already engage in such practices.

29 The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and *overall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from the **Department of Higher Education and Workforce Development, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $746,000 in one-time costs, $138,000 in annual costs, and $36,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 6, 2019

RECEIVED
NOV 06 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, version 9 (2020-137)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on November 6, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 NOV -6 AM 9

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Signature of Notary _____

Address of Notary _____

(Seal)

20-137

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 22, and adopting two new sections to be known as Article VIII, Sections 24 and 25.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 22, and adopting two new sections to be known as Article VIII, Sections 24 and 25 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible all eligible citizens are registered to vote. Only American citizens who are residents of Missouri and meet all other legal criteria established under general election law shall be allowed to register to vote or to vote.

2. The secretary of state shall establish a process to conduct automatic voter registration of all eligible citizens subject to the following provisions.

(1) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(2) Based on the list received under this subsection, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(3) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, a voter has not declined registration by the method provided, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(4) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration if the record of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

(5) In no case shall any agency or the secretary of state be required to provide lists of eligible voters who did not conduct a transaction with said agency or secretary of state in the week prior to the production of the list.

3. Methods of voter registration other than those provided for in subsection 2 of this section may be provided for by law. Nothing in this section shall invalidate methods of voter registration that existed prior to its adoption.

4. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

5. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 22. If any portion, clause, or phrase of this Article [Amendment] is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. In order to prevent voter fraud and election tampering, the secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-137)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received November 6, 2019)

Date

November 26, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may be required to request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated a total estimated net effect on all state funds of $0 for fiscal year 2020, $0 for fiscal year 2021, and $0 for fiscal year 2022.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated they assume this will have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have a fiscal impact on their department. It would cause increased operating costs in the General Revenue Fund of $40,034 for fiscal year (FY) 2021 for salary costs and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

OA-ITSD cost estimate equals 298.08 hours x $75 = $28,318

ITSD - DOR							
Bill Number	IP 20-137	FN #	IP 20-137				
Bill Section(s)	5.2						
Application Name:	DMVC/MyDMV				**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			95	17	1,615	-	-
Analysis			95	17	1,615	-	-
Design			95	17	1,615	-	-
Development			95	168	15,960	-	-
Test			95	50	4,750	-	-
Implementation			95	7	665	-	-
Project Management			95	22.08	2,098	-	-
On-going support			95		-	-	-
Section Total IT Consultants:			95	298.08	28,318	-	-
Other Costs:			**Cost Per**	**Number**	**$**	**$**	**$**
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-

		-	-	-	-	-
Section Total Other Costs:				-	-	-
Section Total Expenditures:				28,318	-	-
General Revenue				28,318		-
Federal					-	-
Other						
Section Funding:				28,318	-	-
Should be $0				0	-	-

2. Does this proposal duplicate any other program?
No
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)
This bill impacts the Online Address Change website to collect change of addresses by citizens
8b. Explantion of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.
Language in the IP is already being implemented in a rewrite of the online address change website process

Section 5 (1)

The proposed language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the state of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes it will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend or discontinue current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

Administrative Impact

To implement provisions of Section 5 (1) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021
Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021
Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager -	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,715.60

OA-ITSD Impact

ITSD - DOR							
Bill Number	IP 20-137	FN #	IP 20-137				
Bill Section(s)	5.2						
Application Name:	DMVC/MyDMV				**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			95	17	1,615	-	-
Analysis			95	17	1,615	-	-
Design			95	17	1,615	-	-
Development			95	168	15,960	-	-
Test			95	50	4,750	-	-
Implementation			95	7	665	-	-
Project Management			95	22.08	2,098	-	-
On-going support			95		-	-	-
Section Total IT Consultants:			95	298.08	28,318	-	-

Other Costs:		Cost Per	Number	$	$	$
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
Section Total Other Costs:				-	-	-
Section Total Expenditures:				28,318	-	-
General Revenue				28,318		-

The department also provided the following comments:

Section 5 (1)

For purpose of this fiscal note the Department assumes that it will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated this initiative petition should have no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition should not have a fiscal impact to their department/Missouri Highways and Transportation Commission. The reporting of a list of citizens for voting is not eligible to be paid for with State Revenue Derived from Highway Users (SRHU), and further, Article IV, Section 30(b), Missouri Constitution limits the Department of Revenue (DOR) to its actual costs to collect SRHU and caps the amount of SRHU that DOR may receive to no more than 3% of the proceeds of SRHU collected.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 22 and adopting two new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration. The Department of Revenue shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that an absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop a new interface, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated the following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **20.9%** of the population is under **18** years old, which accounts for **60,957** residents. They have on average **190,000** registered voters, of which about **30,000 (16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
AP = Annual Pay

291,923 R's – 60,957 R's under **18 yrs = 230,966 R's 18 yrs** or older

230,966 R's 18 yrs or older – **190,000 RV's = 40,966 PV's**

40,966 PV's x .50 MC = $20,483

40,966 PV x 1.06 CPC2P = $43,423.96

If they have approximately **40,966 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$20,483 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$43,423.96** to the cost when it is multiplied by the estimated **40,966** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost will be **$24,689.60** per hire for their annual pay. The total annual cost for two fulltime hires will be **$49,379.20.**

40,966 PV's x .50 MC	**= $20,483**
40,966 PV's x 1.06 CPC2P	**= $43,423.96**
2 FTH x $24,689.60 AP	**= $49,379.20**
Total:	**= $113,286.16**

The total estimated initial cost for Greene County for **IP 20-137** proposing to amend Article VIII, version 9, will cost Greene County **$113,286.16** with a minimum ongoing cost of **$49,379.20** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from **St. Louis County** indicated they do not foresee a substantial fiscal impact on the operations of St. Louis County Government.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated with regards to petitions 20-129 through 20-139, which all appear to pertain to the establishment of an automatic voter registration process; admittedly they did not read each of these word for word, however the two they did read (20-129 and 20-138) did not appear to have any specific fiscal impact unique to their school district other than the cost this process may have to the state's general revenue. In which case there will be slightly less money available for all other state funded services, including their school.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $9,000 annually. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000.

Officials from the **Kansas City Election Board** indicated additional costs of $80,000 per year and $30,500 per election for this initiative petition. The spreadsheet on the next page shows the anticipated costs for all 11 versions of this fiscal note. This estimate was based on one election per year, would range from $110,500 to $123,500 depending on the

services provided. Two additional staff would need to be hired to process the additional affidavits for $80,000, including benefits, (fixed expenses). There would variable costs for each election for postage, printing, staff overtime, temporary expense, election services fee of 5% and other miscellaneous expenses ranging from $30,500 to $43,500.

Kansas City Election Board Fiscal Notes 11/15/2019	Two Voter Services Employees w/ Benefits	Postage	Supplies & Printing	Overtime	Temporaries	Parking & Other Services	Election Services Fee	Total	DMV	Early Absentee	Risk-Limit Auditing	Sat & Sun Extended Hours	Secret Ballot
Fiscal Notice 20-129	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-130	$80,000	$7,500	$5,000	$7,500	$7,500	$6,000	$5,000	$118,500	x	x	x	x	
Fiscal Notice 20-131	$80,000	$7,500	$5,000	$7,500	$7,500	$6,000	$5,000	$118,500	x	x	x	x	
Fiscal Notice 20-132	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-133	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-134	$80,000	$7,500	$7,500	$7,500	$10,000	$6,000	$5,000	$123,500	x	x	x	x	x
Fiscal Notice 20-135	$80,000	$7,500	$7,500	$7,500	$10,000	$6,000	$5,000	$123,500	x	x	x	x	x
Fiscal Notice 20-136	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-137	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-138	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-139	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		

Officials from the **Platte County Election Board** indicated they anticipate no fiscal impact.

Officials from the **State Auditor's office** indicated this initiative petition proposal should have no fiscal impact on their office and any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
15 November 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for Ballot Initiatives in 11 Variations 20-129 through 20-139

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of petition-based ballot initiatives to amend the Missouri Constitution in 11 variations: 20-129 through 20-139.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We analyzed the fiscal note for petition 20-072, on which these petitions are based. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. Finally, we considered reports provided by counties and states like California, Colorado, Michigan, and North Carolina that recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of *$0 to the State of Missouri.***

   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018; see also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[1], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). In the fiscal note for a similar version of this petition (20-072), the State Auditor predicted a similar figure for modernizing the Missouri Centralized Voter Registration ($1,000,000) with modest figures for programming software updates ($34,072).

   As we emphasized in our earlier letter to your office, however, Missouri has *no reason to rely solely on its own resources* for modernizing its election technologies. In 2018, Missouri received *$7,230,625* for these express purposes from the Federal Government.[2] Moreover, the 5% matching funds required of the State have already been provided, according to the Federal Financial Report, so it is also not necessary to budget an additional sum of approximately $50-60,000 for those matching funds. According to the U. S. Election Assistance Commission, states may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (see #2 below). In the *Missouri 2018 HAVA Program and Budget Narrative* submitted to the U. S. Election Assistance Commission in July 2018, Secretary of State John Ashcroft specifically mentions that his office plans to use these Federal resources to "modernize" the MCVR and upgrade both physical and electronic security, among other things.

1 According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

2 According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. According to the report from 2018, Missouri has currently spent $224,922 of $7,230,625 requested, leaving a balance of *$7,037,285* including interest. Missouri has until March 22, 2023 to spend these funds.

In other words, these expenses are already accounted for. To be sure, new needs may arise in the course of making these improvements, but they are unknown. The most accurate estimate for new infrastructural costs *due to the petition would therefore be "$0 to unknown".*

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**

   The Federal grants (listed above) that cover upgrading our technology for cybersecurity etc.[3] could also be used to cover infrastructural improvements for risk-limiting audits. These Federal grants have already been received and State matching funds have already been apportioned for those purposes.

   Long-term, there may be ongoing costs or even net savings; but it is impossible to estimate them without knowing which specific kind of risk-limiting audits and what kinds of cybersecurity technologies will be implemented. *It makes the most sense to list them as "$0 to unknown."*

3. **There will be no ($0) up-front costs for "opt-out" mailings for automatic voter registration because the petitions no longer mandate an initial mailing to all non-registered voters.**

   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for an initial set of "opt-out" mailings based on the number of eligible non-registered voters in government records.[4] In the fiscal note for petition 20-072, the Secretary of State estimated that there are 743,280 eligible non-registered voters who could be contacted at a total expense statewide for local election officials of as much as or more than $702,222. Yet this estimate of eligible voters is probably two times too high;[5] and the current petitions 20-129 through -139 no longer mandate an initial mailing to allow all those non-registered voters to "opt-out" of voter registration beginning in 2021. These expenses should therefore be *removed entirely from the fiscal cost analysis ($0)* and no other new expenses should be added.

3 *Ibid.*

4 The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing, as per the Secretary of State, $668,952 + $33,270 = $702,222. Yet data from the United States Election Project suggests that this population estimate is two times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

5 *Ibid.*

[**Clarification**: The new batch of petitions specifically stipulate in Section 5.2(5): "In no case shall any agency or the Secretary of State be required to provide lists of eligible voters who did not conduct a transaction with said agency or Secretary of State in the week prior to the production of the list." The former petitions mandated the creation of lists of *all potential* voters who are currently not registered. They would have required a large single mailing at the first implementation of these new procedures. The current petitions refer simply to lists of *new* voters identified each week through regular automatic voter registration procedures, for instance, when eligible voters seek to renew a license at the Department of Motor Vehicles.]

4. The long-term cost of automatic voter registration is "unknown."

Fiscal notes for prior legislation offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[6] In the fiscal note for a similar version of this petition (20-072), only St. Louis County listed ongoing costs of automatic voter registration at $9,000 for printing and mailing costs.

[**Clarification**: The Secretary of State overestimates the number of non-registered eligible voters who would ultimately be registered through the automatic voter registration process. We know, for instance, that many voters self-register or are registered in voter registration drives by non-profit organizations. Moreover, this figure fails to consider opportunities to economize the voter registration process that typically come with automatic voter registration (see below). The Secretary of State draws a similar conclusion about ongoing costs in his comment for petition 20-072: "The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases."]

No additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont. Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[7] In various states, however, automatic voter registration has

6 For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

7 Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reduced other costs, for instance, by reducing the number of provisional ballots.[8] Arguably large cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[9] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. We therefore urge the State Auditor to describe these costs as *"$0 to unknown."*

5. Moving the final registration date to fifteen days before election day will cost $0.

There are still no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). In the fiscal note for petition (20-072), only Greene County mentions any additional costs whatsoever for moving back the last possible registration date, claiming that it requires the hiring of 2.5 additional employees at $49,379.20 annually; but they justify these hires also on the basis of higher costs for administering absentee mailing and risk-limited auditing post-election. Most other counties do not report any need for additional expenditures.

This conclusion is demonstrated by comparative evidence from other states who have implemented *same-day* registration: they either report *no* increase in long-term cost for new technology and staff, or report a reallocation of existing resources to absorb those expenses.[10] In 2012, California approved Conditional Voter

8 National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

9 In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

10 According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration.

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to *same-day* registration.[11] The policy proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[12]

It is therefore reasonable to assume that *no additional expenses ($0) would be incurred.*

6. The cost to allow all eligible voters to vote "without excuse" by absentee ballot is "unknown" if not $0.

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[13] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies.

Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. In the

Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

11 The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

12 The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

13 Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Barry Burden and Charles Stewart, *The Measure of American Elections* (Cambridge, 2014), p. 118.

fiscal note for 20-072, Greene County includes the expense of absentee ballots (along with other things) at $49,379.20 annually; but the much larger St. Louis County set this figure at $30,000; and Platt County at $3,000. The reason: costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to absentee voting before the necessary infrastructure has been created.

But it is far more likely that there will be a more gradual adjustment period because state- and even county-specific voting cultures are often strong predictors of future behavior, which suggests that there will be some inertia when it comes to voting practices.[14] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[15] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[16] It thus seems reasonable to assume, given the fact that absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[17]

Moreover, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[18] St. Louis County is anticipating that this reduction in costs from fewer polling locations on election day will offset some of the new costs.

14 Burden and Stewart, *Measure*.

15 Madera County, CA, Election Administration Plan 2018.

16 As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

17 See for instance Sawyer, *Early Voting*.

18 In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

Given the wide variation in reporting from counties, the likelihood of short-term cost fluctuations, as well as the likelihood of long-term savings, all of an indeterminate quantity, it makes the most sense to describe the fiscal impact *as "$0 to unknown."*

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[19] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[20] For both practical and financial reasons, we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[21] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[22] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for

19 For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

20 For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

21 Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

22 For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days before election day for a total of $41,856, which is a reduction in cost. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

transportation and rental space), as has happened in other states.[23] It also reduces the number of provisional ballots.[24]

If at all, the 102 rural counties in Missouri with fewer than 50,000 voters would incur costs only for overtime for its staff on the Saturday and Sunday before election day. In the fiscal note for petition 20-072, the Secretary of State anticipated that these additional weekend hours would require 348 judge-days statewide (two judges for 1.5 days in all 116 jurisdictions) for $375 per jurisdiction or $43,500 per election.

> [**Clarification**: Petitions 20-129, 132-133, and 136-139 do not mandate weekend hours, which should exclude these figures from the fiscal cost analysis.

Overall, early voting has been proven in other states to *drastically reduce* costs in the long-term and/or allowed for the reallocation of scarce resources.[25] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[26] Doing so may require some trial and error, as other states have experienced.[27]

23 Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

24 Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

25 Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

26 For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1262 registered voters per 8-hour day or 158 per hour in an early voting period of 42 days if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 631 per day and 79 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 258 registered voters per day or 33 per hour in a single voting center without having to open a second center.

27 Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[**Clarification**: In the case of Petitions 20-130-131 and 134-135 which mandate weekend hours before election day, local election officers could easily reallocate existing staff to cover those hours.[28]]

Given the flexibility in the legislation to adapt to local conditions, the fiscal impact cannot be precisely measured. It should be stated as *"$0 to unknown."*

These points, especially when taken together, indicate that there is a strong likelihood of new short-term expenses resulting from these petitions along with significant opportunities for long-term cost savings. This variation makes it impossible to estimate the net fiscal impact of this multifaceted legislation.[29] We therefore advise the State Auditor to summarize the potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

28 For instance, local election officials could ensure that there are two staff members available on the Saturday and Sunday of the weekend before election day either by creating a 46 minute daily reduction in a single staff member's daily schedule for the 42 days of early voting or offering two days day off during the week for two staff members during a period of low voter activity. Some local election officers already engage in such practices.

29 The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and *overall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from the **Department of Higher Education and Workforce Development, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $746,000 in one-time costs, $138,000 in annual costs, and $31,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 6, 2019

RECEIVED
NOV 06 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, version 8 (2020-136)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on November 6, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 NOV -6 AM 9:15

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Signature of Notary _____

Address of Notary _____ (Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5, 7, and 22, and adopting three new sections to be known as Article VIII, Sections 24, 25, and 26.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5, 7, and 22, and adopting three new sections to be known as Article VIII, Sections 24, 25, and 26 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible all eligible citizens are registered to vote. Only American citizens who are residents of Missouri and meet all other legal criteria established under general election law shall be allowed to register to vote or to vote.

2. The secretary of state shall establish a process to automatically register to vote all eligible citizens subject to the following provisions.

(1) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(2) The secretary of state may also request lists of eligible citizens from additional state agencies including any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction, any agency that has records of eligible citizens who would not otherwise be registered to vote, and any agency that is required to offer voter registration services under any other provision of law including but not limited to Section 7 of the National Voter Registration Act as amended. Such lists shall be provided on at least a weekly basis as eligible citizens conduct transactions with the agencies from which the lists are requested.

(3) Based on the lists received under this subsection, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(4) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, a voter has not declined registration by the method provided, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(5) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration if the record of such individual is

transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

(6) In no case shall any agency or the secretary of state be required to provide lists of eligible voters who did not conduct a transaction with said agency or secretary of state in the week prior to the production of the list.

3. Methods of voter registration other than those provided for in section 2 of this section may be provided for by law. Nothing in this section shall invalidate methods of voter registration that existed prior to its adoption.

4. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

5. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours.

(2) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (1).

Section 22. If any portion, clause, or phrase of this Article [Amendment] is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. In order to prevent voter fraud and election tampering, the secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Every citizen of the United States who is a qualified, registered voter in Missouri shall have the right to vote a secret ballot in all elections called pursuant to general election law.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-136)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received November 6, 2019)

Date

November 26, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may be required to request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated a total estimated net effect on all state funds of $0 for fiscal year 2020, $0 for fiscal year 2021, and $0 for fiscal year 2022.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated they assume this will have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have a fiscal impact on their department. It would cause increased operating costs in the General Revenue Fund of $40,034 for fiscal year (FY) 2021 for salary costs and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

Additional state agencies as described in Section 5 (2) may be affected.

OA-ITSD cost estimate equals 298.08 hours x $75 = $28,318

ITSD - DOR							
Bill Number	IP 20-136	FN #	IP 20-136				
Bill Section(s)	5.2						
Application Name:	DMVC/MyDMV				**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			95	17	1,615	-	-
Analysis			95	17	1,615	-	-
Design			95	17	1,615	-	-
Development			95	168	15,960	-	-
Test			95	50	4,750	-	-
Implementation			95	7	665	-	-
Project Management			95	22.08	2,098	-	-
On-going support			95		-	-	-
Section Total IT Consultants:			95	298.08	28,318	-	-
Other Costs:			**Cost Per**	**Number**	**$**	**$**	**$**
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-

		-	-	-	-	-
Section Total Other Costs:				-	-	-
Section Total Expenditures:				28,318	-	-
General Revenue				28,318		-
Federal					-	-
Other						
Section Funding:				28,318	-	-
Should be $0				0	-	-

2. Does this proposal duplicate any other program?
No
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)
This bill impacts the Online Address Change website to collect change of addresses by citizens
8b. Explantion of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.
Language in the IP is already being implemented in a rewrite of the online address change website process

Section 5 (1)

The proposed language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the state of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes it will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend or discontinue current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

Administrative Impact

To implement provisions of Section 5 (1) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021
Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021
Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager -	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,715.60

OA-ITSD Impact

ITSD - DOR							
Bill Number	IP 20-136	FN #	IP 20-136				
Bill Section(s)	5.2						
Application Name:	DMVC/MyDMV				**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			95	17	1,615	-	-
Analysis			95	17	1,615	-	-
Design			95	17	1,615	-	-
Development			95	168	15,960	-	-
Test			95	50	4,750	-	-
Implementation			95	7	665	-	-
Project Management			95	22.08	2,098	-	-
On-going support			95		-	-	-
Section Total IT Consultants:			95	298.08	28,318	-	-

Other Costs:		Cost Per	Number	$	$	$
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
Section Total Other Costs:				-	-	-
Section Total Expenditures:				28,318	-	-
General Revenue				28,318		-

The department also provided the following comments:

Section 5 (1)

For purpose of this fiscal note the Department assumes that it will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated this initiative petition should have no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition should not have a fiscal impact to their department/Missouri Highways and Transportation Commission. The reporting of a list of citizens for voting is not eligible to be paid for with State Revenue Derived from Highway Users (SRHU), and further, Article IV, Section 30(b), Missouri Constitution limits the Department of Revenue (DOR) to its actual costs to collect SRHU and caps the amount of SRHU that DOR may receive to no more than 3% of the proceeds of SRHU collected.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5, 7, and 22 and adopting three new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal provides that every qualified, registered voter shall have the right to vote using a secret ballot.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop a new interface, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for

outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated they could have a fiscal impact if they were interpreted to be at state agency and had to provide a list; however, their office currently does not retain or collect any of the voter information referenced in the provisions found in Section 5., paragraph 2, subsection (2), and therefore based on the information and data they currently maintain, they would have no fiscal impact.

Officials from **Greene County** indicated the following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **20.9%** of the population is under **18** years old, which accounts for **60,957** residents. They have on average **190,000** registered voters, of which about **30,000 (16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
AP = Annual Pay

291,923 R's – 60,957 R's under **18 yrs = 230,966 R's 18 yrs** or older

230,966 R's 18 yrs or older – **190,000 RV's = 40,966 PV's**

40,966 PV's x .50 MC = $20,483

40,966 PV x 1.06 CPC2P = $43,423.96

If they have approximately **40,966 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$20,483 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$43,423.96** to the cost when it is multiplied by the estimated **40,966** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost will be **$24,689.60** per hire for their annual pay. The total annual cost for two fulltime hires will be **$49,379.20.**

40,966 PV's x .50 MC	**= $20,483**
40,966 PV's x 1.06 CPC2P	**= $43,423.96**
2 FTH x $24,689.60 AP	**= $49,379.20**
Total:	**= $113,286.16**

The total estimated initial cost for Greene County for **IP 20-136** proposing to amend Article VIII, version 8, will cost Greene County **$113,286.16** with a minimum ongoing cost of **$49,379.20** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from **St. Louis County** indicated they do not foresee a substantial fiscal impact on the operations of St. Louis County Government.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated with regards to petitions 20-129 through 20-139, which all appear to pertain to the establishment of an automatic voter registration process; admittedly they did not read each of these word for word, however the two they did read (20-129 and 20-138) did not appear to have any specific fiscal impact unique to their school district other than the cost this process may have to the state's general revenue. In which case there will be slightly less money available for all other state funded services, including their school.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $30,000 per County-wide election, with an additional $9,000 annual cost. The additional absentee costs in the amendment would cost $30,000. They pay a vendor to print and mail their absentee ballots, so the no-excuse absentee portion of the petition would include additional absentee costs for printing and mailing. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Kansas City Election Board** indicated additional costs of $80,000 per year and $35,500 per election for this initiative petition. The spreadsheet on the next page shows the anticipated costs for all 11 versions of this fiscal note. This estimate was based on one election per year, would range from $110,500 to $123,500 depending on the services provided. Two additional staff would need to be hired to process the additional affidavits for $80,000, including benefits, (fixed expenses). There would variable costs for each election for postage, printing, staff overtime, temporary expense, election services fee of 5% and other miscellaneous expenses ranging from $30,500 to $43,500.

Kansas City Election Board Fiscal Notes 11/15/2019	Two Voter Services Employees w/ Benefits	Postage	Supplies & Printing	Overtime	Temporaries	Parking & Other Services	Election Services Fee	Total	DMV	Early Absentee	Risk-Limit Auditing	Sat & Sun Extended Hours	Secret Ballot
Fiscal Notice 20-129	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-130	$80,000	$7,500	$5,000	$7,500	$7,500	$6,000	$5,000	$118,500	x	x	x	x	
Fiscal Notice 20-131	$80,000	$7,500	$5,000	$7,500	$7,500	$6,000	$5,000	$118,500	x	x	x	x	
Fiscal Notice 20-132	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-133	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-134	$80,000	$7,500	$7,500	$7,500	$10,000	$6,000	$5,000	$123,500	x	x	x	x	x
Fiscal Notice 20-135	$80,000	$7,500	$7,500	$7,500	$10,000	$6,000	$5,000	$123,500	x	x	x	x	x
Fiscal Notice 20-136	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-137	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-138	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-139	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		

Officials from the **Platte County Election Board** indicated they anticipate no fiscal impact.

Officials from the **State Auditor's office** indicated this initiative petition proposal should have no fiscal impact on their office and any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
15 November 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for Ballot Initiatives in 11 Variations 20-129 through 20-139

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of petition-based ballot initiatives to amend the Missouri Constitution in 11 variations: 20-129 through 20-139.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We analyzed the fiscal note for petition 20-072, on which these petitions are based. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. Finally, we considered reports provided by counties and states like California, Colorado, Michigan, and North Carolina that recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of *$0 to the State of Missouri.***

   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018; see also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[1], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). In the fiscal note for a similar version of this petition (20-072), the State Auditor predicted a similar figure for modernizing the Missouri Centralized Voter Registration ($1,000,000) with modest figures for programming software updates ($34,072).

   As we emphasized in our earlier letter to your office, however, Missouri has *no reason to rely solely on its own resources* for modernizing its election technologies. In 2018, Missouri received *$7,230,625* for these express purposes from the Federal Government.[2] Moreover, the 5% matching funds required of the State have already been provided, according to the Federal Financial Report, so it is also not necessary to budget an additional sum of approximately $50-60,000 for those matching funds. According to the U. S. Election Assistance Commission, states may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (see #2 below). In the *Missouri 2018 HAVA Program and Budget Narrative* submitted to the U. S. Election Assistance Commission in July 2018, Secretary of State John Ashcroft specifically mentions that his office plans to use these Federal resources to "modernize" the MCVR and upgrade both physical and electronic security, among other things.

1 According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

2 According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. According to the report from 2018, Missouri has currently spent $224,922 of $7,230,625 requested, leaving a balance of *$7,037,285* including interest. Missouri has until March 22, 2023 to spend these funds.

In other words, these expenses are already accounted for. To be sure, new needs may arise in the course of making these improvements, but they are unknown. The most accurate estimate for new infrastructural costs *due to the petition would therefore be "$0 to unknown".*

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**

   The Federal grants (listed above) that cover upgrading our technology for cybersecurity etc.[3] could also be used to cover infrastructural improvements for risk-limiting audits. These Federal grants have already been received and State matching funds have already been apportioned for those purposes.

   Long-term, there may be ongoing costs or even net savings; but it is impossible to estimate them without knowing which specific kind of risk-limiting audits and what kinds of cybersecurity technologies will be implemented. *It makes the most sense to list them as "$0 to unknown."*

3. **There will be no ($0) up-front costs for "opt-out" mailings for automatic voter registration because the petitions no longer mandate an initial mailing to all non-registered voters.**

   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for an initial set of "opt-out" mailings based on the number of eligible non-registered voters in government records.[4] In the fiscal note for petition 20-072, the Secretary of State estimated that there are 743,280 eligible non-registered voters who could be contacted at a total expense statewide for local election officials of as much as or more than $702,222. Yet this estimate of eligible voters is probably two times too high;[5] and the current petitions 20-129 through -139 no longer mandate an initial mailing to allow all those non-registered voters to "opt-out" of voter registration beginning in 2021. These expenses should therefore be *removed entirely from the fiscal cost analysis ($0)* and no other new expenses should be added.

3 *Ibid.*

4 The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing, as per the Secretary of State, $668,952 + $33,270 = $702,222. Yet data from the United States Election Project suggests that this population estimate is two times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

5 *Ibid.*

[**Clarification**: The new batch of petitions specifically stipulate in Section 5.2(5): "In no case shall any agency or the Secretary of State be required to provide lists of eligible voters who did not conduct a transaction with said agency or Secretary of State in the week prior to the production of the list." The former petitions mandated the creation of lists of *all potential* voters who are currently not registered. They would have required a large single mailing at the first implementation of these new procedures. The current petitions refer simply to lists of *new* voters identified each week through regular automatic voter registration procedures, for instance, when eligible voters seek to renew a license at the Department of Motor Vehicles.]

4. The long-term cost of automatic voter registration is "unknown."

Fiscal notes for prior legislation offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[6] In the fiscal note for a similar version of this petition (20-072), only St. Louis County listed ongoing costs of automatic voter registration at $9,000 for printing and mailing costs.

[**Clarification**: The Secretary of State overestimates the number of non-registered eligible voters who would ultimately be registered through the automatic voter registration process. We know, for instance, that many voters self-register or are registered in voter registration drives by non-profit organizations. Moreover, this figure fails to consider opportunities to economize the voter registration process that typically come with automatic voter registration (see below). The Secretary of State draws a similar conclusion about ongoing costs in his comment for petition 20-072: "The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases."]

No additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont. Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[7] In various states, however, automatic voter registration has

6 For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

7 Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reduced other costs, for instance, by reducing the number of provisional ballots.[8] Arguably large cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[9] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. We therefore urge the State Auditor to describe these costs as *"$0 to unknown."*

5. Moving the final registration date to fifteen days before election day will cost $0.

There are still no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). In the fiscal note for petition (20-072), only Greene County mentions any additional costs whatsoever for moving back the last possible registration date, claiming that it requires the hiring of 2.5 additional employees at $49,379.20 annually; but they justify these hires also on the basis of higher costs for administering absentee mailing and risk-limited auditing post-election. Most other counties do not report any need for additional expenditures.

This conclusion is demonstrated by comparative evidence from other states who have implemented *same-day* registration: they either report *no* increase in long-term cost for new technology and staff, or report a reallocation of existing resources to absorb those expenses.[10] In 2012, California approved Conditional Voter

8 National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

9 In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

10 According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration.

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to *same-day* registration.[11] The policy proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[12]

It is therefore reasonable to assume that *no additional expenses ($0) would be incurred.*

6. The cost to allow all eligible voters to vote "without excuse" by absentee ballot is "unknown" if not $0.

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[13] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies.

Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. In the

Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

11 The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

12 The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

13 Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Barry Burden and Charles Stewart, *The Measure of American Elections* (Cambridge, 2014), p. 118.

fiscal note for 20-072, Greene County includes the expense of absentee ballots (along with other things) at $49,379.20 annually; but the much larger St. Louis County set this figure at $30,000; and Platt County at $3,000. The reason: costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to absentee voting before the necessary infrastructure has been created.

But it is far more likely that there will be a more gradual adjustment period because state- and even county-specific voting cultures are often strong predictors of future behavior, which suggests that there will be some inertia when it comes to voting practices.[14] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[15] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[16] It thus seems reasonable to assume, given the fact that absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[17]

Moreover, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[18] St. Louis County is anticipating that this reduction in costs from fewer polling locations on election day will offset some of the new costs.

14 Burden and Stewart, *Measure*.

15 Madera County, CA, Election Administration Plan 2018.

16 As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

17 See for instance Sawyer, *Early Voting*.

18 In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

Given the wide variation in reporting from counties, the likelihood of short-term cost fluctuations, as well as the likelihood of long-term savings, all of an indeterminate quantity, it makes the most sense to describe the fiscal impact *as "$0 to unknown."*

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[19] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[20] For both practical and financial reasons, we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[21] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[22] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for

19 For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

20 For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

21 Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

22 For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days before election day for a total of $41,856, which is a reduction in cost. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

transportation and rental space), as has happened in other states.[23] It also reduces the number of provisional ballots.[24]

If at all, the 102 rural counties in Missouri with fewer than 50,000 voters would incur costs only for overtime for its staff on the Saturday and Sunday before election day. In the fiscal note for petition 20-072, the Secretary of State anticipated that these additional weekend hours would require 348 judge-days statewide (two judges for 1.5 days in all 116 jurisdictions) for $375 per jurisdiction or $43,500 per election.

> [**Clarification**: Petitions 20-129, 132-133, and 136-139 do not mandate weekend hours, which should exclude these figures from the fiscal cost analysis.

Overall, early voting has been proven in other states to *drastically reduce* costs in the long-term and/or allowed for the reallocation of scarce resources.[25] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[26] Doing so may require some trial and error, as other states have experienced.[27]

23 Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

24 Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

25 Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

26 For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1262 registered voters per 8-hour day or 158 per hour in an early voting period of 42 days if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 631 per day and 79 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 258 registered voters per day or 33 per hour in a single voting center without having to open a second center.

27 Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[**Clarification**: In the case of Petitions 20-130-131 and 134-135 which mandate weekend hours before election day, local election officers could easily reallocate existing staff to cover those hours.[28]]

Given the flexibility in the legislation to adapt to local conditions, the fiscal impact cannot be precisely measured. It should be stated as *"$0 to unknown."*

These points, especially when taken together, indicate that there is a strong likelihood of new short-term expenses resulting from these petitions along with significant opportunities for long-term cost savings. This variation makes it impossible to estimate the net fiscal impact of this multifaceted legislation.[29] We therefore advise the State Auditor to summarize the potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

[28] For instance, local election officials could ensure that there are two staff members available on the Saturday and Sunday of the weekend before election day either by creating a 46 minute daily reduction in a single staff member's daily schedule for the 42 days of early voting or offering two days day off during the week for two staff members during a period of low voter activity. Some local election officers already engage in such practices.

[29] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and *overall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from the **Department of Higher Education and Workforce Development, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $746,000 in one-time costs, $138,000 in annual costs, and $66,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 6, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
NOV 06 2019
STATE AUDITORS OFFICE

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, version 7 (2020-135)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on November 6, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2020 NOV -6 A 9:15
SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Signature of Notary _____

Address of Notary _____

(Seal)

20-135

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5, 7, and 22, and adopting three new sections to be known as Article VIII, Sections 24, 25, and 26.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5, 7, and 22, and adopting three new sections to be known as Article VIII, Sections 24, 25, and 26 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible all eligible citizens are registered to vote. Only American citizens who are residents of Missouri and meet all other legal criteria established under general election law shall be allowed to register to vote or to vote.

2. The secretary of state shall establish a process to automatically register to vote all eligible citizens subject to the following provisions.

(1) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(2) The secretary of state may also request lists of eligible citizens from additional state agencies including any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction, any agency that has records of eligible citizens who would not otherwise be registered to vote, and any agency that is required to offer voter registration services under any other provision of law including but not limited to Section 7 of the National Voter Registration Act as amended. Such lists shall be provided on at least a weekly basis as eligible citizens conduct transactions with the agencies from which the lists are requested.

(3) Based on the lists received under this subsection, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(4) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, a voter has not declined registration by the method provided, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(5) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration if the record of such individual is

transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

(6) In no case shall any agency or the secretary of state be required to provide lists of eligible voters who did not conduct a transaction with said agency or secretary of state in the week prior to the production of the list.

3. Methods of voter registration other than those provided for in section 2 of this section may be provided for by law. Nothing in this section shall invalidate methods of voter registration that existed prior to its adoption.

4. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

5. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election.

(2) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (1).

Section 22. If any portion, clause, or phrase of this Article [Amendment] is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. In order to prevent voter fraud and election tampering, the secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Every citizen of the United States who is a qualified, registered voter in Missouri shall have the right to vote a secret ballot in all elections called pursuant to general election law.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-135)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received November 6, 2019)

Date

November 26, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may be required to request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated a total estimated net effect on all state funds of $0 for fiscal year 2020, $0 for fiscal year 2021, and $0 for fiscal year 2022.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated they assume this will have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have a fiscal impact on their department. It would cause increased operating costs in the General Revenue Fund of $40,034 for fiscal year (FY) 2021 for salary costs and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

Additional state agencies as described in Section 5 (2) may be affected.

OA-ITSD cost estimate equals 298.08 hours x $75 = $28,318

ITSD - DOR							
Bill Number	IP 20-135	FN #	IP 20-135				
Bill Section(s)	5.2						
Application Name:	DMVC/MyDMV				**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			95	17	1,615	-	-
Analysis			95	17	1,615	-	-
Design			95	17	1,615	-	-
Development			95	168	15,960	-	-
Test			95	50	4,750	-	-
Implementation			95	7	665	-	-
Project Management			95	22.08	2,098	-	-
On-going support			95		-	-	-
Section Total IT Consultants:			95	298.08	28,318	-	-
Other Costs:			**Cost Per**	**Number**	**$**	**$**	**$**
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-

		-	-	-	-	-
Section Total Other Costs:				-	-	-
Section Total Expenditures:				28,318	-	-
General Revenue				28,318		-
Federal					-	-
Other						
Section Funding:				28,318	-	-
Should be $0				0	-	-

2. Does this proposal duplicate any other program?
No
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)
This bill impacts the Online Address Change website to collect change of addresses by citizens
8b. Explantion of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.
Language in the IP is already being implemented in a rewrite of the online address change website process

Section 5 (1)

The proposed language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the state of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes it will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend or discontinue current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

Administrative Impact

To implement provisions of Section 5 (1) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021
Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021
Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager -	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,715.60

OA-ITSD Impact

ITSD - DOR							
Bill Number	IP 20-135	FN #	IP 20-135				
Bill Section(s)	5.2						
Application Name:	DMVC/MyDMV				**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			95	17	1,615	-	-
Analysis			95	17	1,615	-	-
Design			95	17	1,615	-	-
Development			95	168	15,960	-	-
Test			95	50	4,750	-	-
Implementation			95	7	665	-	-
Project Management			95	22.08	2,098	-	-
On-going support			95		-	-	-
Section Total IT Consultants:			95	298.08	28,318	-	-

Other Costs:		Cost Per	Number	$	$	$
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
Section Total Other Costs:				-	-	-
Section Total Expenditures:				28,318	-	-
General Revenue				28,318		-

The department also provided the following comments:

Section 5 (1)

For purpose of this fiscal note the Department assumes that it will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated this initiative petition should have no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition should not have a fiscal impact to their department/Missouri Highways and Transportation Commission. The reporting of a list of citizens for voting is not eligible to be paid for with State Revenue Derived from Highway Users (SRHU), and further, Article IV, Section 30(b), Missouri Constitution limits the Department of Revenue (DOR) to its actual costs to collect SRHU and caps the amount of SRHU that DOR may receive to no more than 3% of the proceeds of SRHU collected.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5, 7, and 22 and adopting three new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration. The Department of Revenue shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal provides that every qualified, registered voter shall have the right to vote using a secret ballot.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop a new interface, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for

outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

Additionally, this petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated they could have a fiscal impact if they were interpreted to be at state agency and had to provide a list; however, their office currently does not retain or collect any of the voter information referenced in the provisions found in Section 5., paragraph 2, subsection (2), and therefore based on the information and data they currently maintain, they would have no fiscal impact.

Officials from **Greene County** indicated the following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **20.9%** of the population is under **18** years old, which accounts for **60,957** residents. They have on average **190,000** registered voters, of which about **30,000 (16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
AP = Annual Pay

291,923 R's – 60,957 R's under **18 yrs = 230,966 R's 18 yrs** or older

230,966 R's 18 yrs or older – **190,000 RV's = 40,966 PV's**

40,966 PV's x .50 MC = $20,483

40,966 PV x 1.06 CPC2P = $43,423.96

If they have approximately **40,966 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$20,483 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$43,423.96** to the cost when it is multiplied by the estimated **40,966** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost will be **$24,689.60** per hire for their annual pay. The total annual cost for two fulltime hires will be **$49,379.20.**

40,966 PV's x .50 MC	**= $20,483**
40,966 PV's x 1.06 CPC2P	**= $43,423.96**
2 FTH x $24,689.60 AP	**= $49,379.20**
Total:	**= $113,286.16**

The total estimated initial cost for Greene County for **IP 20-135** proposing to amend Article VIII, version 7, will cost Greene County **$113,286.16** with a minimum ongoing cost of **$49,379.20** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from **St. Louis County** indicated they do not foresee a substantial fiscal impact on the operations of St. Louis County Government.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated with regards to petitions 20-129 through 20-139, which all appear to pertain to the establishment of an automatic voter registration process; admittedly they did not read each of these word for

word, however the two they did read (20-129 and 20-138) did not appear to have any specific fiscal impact unique to their school district other than the cost this process may have to the state's general revenue. In which case there will be slightly less money available for all other state funded services, including their school.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $60,000 per County-wide election, with an additional $9,000 annual cost. Having each of four satellite offices open for an additional 12 hours on the weekend, and at a rate of $5,000 per every 8 hours, this would cost $30,000. The additional absentee costs in the amendment are also estimated to be about $30,000. They pay a vendor to print and mail their absentee ballots, so the no-excuse absentee portion of the petition would include additional absentee costs for printing and mailing. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Kansas City Election Board** indicated additional costs of $80,000 per year and $43,500 per election for this initiative petition. The spreadsheet on the next page shows the anticipated costs for all 11 versions of this fiscal note. This estimate was based on one election per year, would range from $110,500 to $123,500 depending on the services provided. Two additional staff would need to be hired to process the additional affidavits for $80,000, including benefits, (fixed expenses). There would variable costs for each election for postage, printing, staff overtime, temporary expense, election services fee of 5% and other miscellaneous expenses ranging from $30,500 to $43,500.

Kansas City Election Board Fiscal Notes 11/15/2019	Two Voter Services Employees w/ Benefits	Postage	Supplies & Printing	Overtime	Temporaries	Parking & Other Services	Election Services Fee	Total	DMV	Early Absentee	Risk-Limit Auditing	Sat & Sun Extended Hours	Secret Ballot
Fiscal Notice 20-129	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-130	$80,000	$7,500	$5,000	$7,500	$7,500	$6,000	$5,000	$118,500	x	x	x	x	
Fiscal Notice 20-131	$80,000	$7,500	$5,000	$7,500	$7,500	$6,000	$5,000	$118,500	x	x	x	x	
Fiscal Notice 20-132	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-133	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-134	$80,000	$7,500	$7,500	$7,500	$10,000	$6,000	$5,000	$123,500	x	x	x	x	x
Fiscal Notice 20-135	$80,000	$7,500	$7,500	$7,500	$10,000	$6,000	$5,000	$123,500	x	x	x	x	x
Fiscal Notice 20-136	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-137	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-138	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-139	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		

Officials from the **Platte County Election Board** indicated they anticipate an additional cost of $2,000.00 per election.

Officials from the **State Auditor's office** indicated this initiative petition proposal should have no fiscal impact on their office and any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
15 November 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for Ballot Initiatives in 11 Variations 20-129 through 20-139

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of petition-based ballot initiatives to amend the Missouri Constitution in 11 variations: 20-129 through 20-139.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We analyzed the fiscal note for petition 20-072, on which these petitions are based. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. Finally, we considered reports provided by counties and states like California, Colorado, Michigan, and North Carolina that recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of *$0 to the State of Missouri.***

   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018; see also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[1], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). In the fiscal note for a similar version of this petition (20-072), the State Auditor predicted a similar figure for modernizing the Missouri Centralized Voter Registration ($1,000,000) with modest figures for programming software updates ($34,072).

   As we emphasized in our earlier letter to your office, however, Missouri has *no reason to rely solely on its own resources* for modernizing its election technologies. In 2018, Missouri received *$7,230,625* for these express purposes from the Federal Government.[2] Moreover, the 5% matching funds required of the State have already been provided, according to the Federal Financial Report, so it is also not necessary to budget an additional sum of approximately $50-60,000 for those matching funds. According to the U. S. Election Assistance Commission, states may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (see #2 below). In the *Missouri 2018 HAVA Program and Budget Narrative* submitted to the U. S. Election Assistance Commission in July 2018, Secretary of State John Ashcroft specifically mentions that his office plans to use these Federal resources to "modernize" the MCVR and upgrade both physical and electronic security, among other things.

1 According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

2 According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. According to the report from 2018, Missouri has currently spent $224,922 of $7,230,625 requested, leaving a balance of *$7,037,285* including interest. Missouri has until March 22, 2023 to spend these funds.

In other words, these expenses are already accounted for. To be sure, new needs may arise in the course of making these improvements, but they are unknown. The most accurate estimate for new infrastructural costs *due to the petition would therefore be "$0 to unknown".*

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**

   The Federal grants (listed above) that cover upgrading our technology for cybersecurity etc.[3] could also be used to cover infrastructural improvements for risk-limiting audits. These Federal grants have already been received and State matching funds have already been apportioned for those purposes.

   Long-term, there may be ongoing costs or even net savings; but it is impossible to estimate them without knowing which specific kind of risk-limiting audits and what kinds of cybersecurity technologies will be implemented. *It makes the most sense to list them as "$0 to unknown."*

3. **There will be no ($0) up-front costs for "opt-out" mailings for automatic voter registration because the petitions no longer mandate an initial mailing to all non-registered voters.**

   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for an initial set of "opt-out" mailings based on the number of eligible non-registered voters in government records.[4] In the fiscal note for petition 20-072, the Secretary of State estimated that there are 743,280 eligible non-registered voters who could be contacted at a total expense statewide for local election officials of as much as or more than $702,222. Yet this estimate of eligible voters is probably two times too high;[5] and the current petitions 20-129 through -139 no longer mandate an initial mailing to allow all those non-registered voters to "opt-out" of voter registration beginning in 2021. These expenses should therefore be *removed entirely from the fiscal cost analysis ($0)* and no other new expenses should be added.

3 *Ibid.*

4 The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing, as per the Secretary of State, $668,952 + $33,270 = $702,222. Yet data from the United States Election Project suggests that this population estimate is two times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

5 *Ibid.*

[**Clarification**: The new batch of petitions specifically stipulate in Section 5.2(5): "In no case shall any agency or the Secretary of State be required to provide lists of eligible voters who did not conduct a transaction with said agency or Secretary of State in the week prior to the production of the list." The former petitions mandated the creation of lists of *all potential* voters who are currently not registered. They would have required a large single mailing at the first implementation of these new procedures. The current petitions refer simply to lists of *new* voters identified each week through regular automatic voter registration procedures, for instance, when eligible voters seek to renew a license at the Department of Motor Vehicles.]

4. The long-term cost of automatic voter registration is "unknown."

Fiscal notes for prior legislation offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[6] In the fiscal note for a similar version of this petition (20-072), only St. Louis County listed ongoing costs of automatic voter registration at $9,000 for printing and mailing costs.

[**Clarification**: The Secretary of State overestimates the number of non-registered eligible voters who would ultimately be registered through the automatic voter registration process. We know, for instance, that many voters self-register or are registered in voter registration drives by non-profit organizations. Moreover, this figure fails to consider opportunities to economize the voter registration process that typically come with automatic voter registration (see below). The Secretary of State draws a similar conclusion about ongoing costs in his comment for petition 20-072: "The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases."]

No additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont. Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[7] In various states, however, automatic voter registration has

6 For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

7 Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reduced other costs, for instance, by reducing the number of provisional ballots.[8] Arguably large cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[9] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. We therefore urge the State Auditor to describe these costs as *"$0 to unknown."*

5. Moving the final registration date to fifteen days before election day will cost $0.

There are still no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). In the fiscal note for petition (20-072), only Greene County mentions any additional costs whatsoever for moving back the last possible registration date, claiming that it requires the hiring of 2.5 additional employees at $49,379.20 annually; but they justify these hires also on the basis of higher costs for administering absentee mailing and risk-limited auditing post-election. Most other counties do not report any need for additional expenditures.

This conclusion is demonstrated by comparative evidence from other states who have implemented *same-day* registration: they either report *no* increase in long-term cost for new technology and staff, or report a reallocation of existing resources to absorb those expenses.[10] In 2012, California approved Conditional Voter

8 National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

9 In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

10 According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration.

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to *same-day* registration.[11] The policy proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[12]

It is therefore reasonable to assume that *no additional expenses ($0) would be incurred.*

6. The cost to allow all eligible voters to vote "without excuse" by absentee ballot is "unknown" if not $0.

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[13] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies.

Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. In the

Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

11 The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

12 The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

13 Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Barry Burden and Charles Stewart, *The Measure of American Elections* (Cambridge, 2014), p. 118.

fiscal note for 20-072, Greene County includes the expense of absentee ballots (along with other things) at $49,379.20 annually; but the much larger St. Louis County set this figure at $30,000; and Platt County at $3,000. The reason: costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to absentee voting before the necessary infrastructure has been created.

But it is far more likely that there will be a more gradual adjustment period because state- and even county-specific voting cultures are often strong predictors of future behavior, which suggests that there will be some inertia when it comes to voting practices.[14] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[15] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[16] It thus seems reasonable to assume, given the fact that absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[17]

Moreover, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[18] St. Louis County is anticipating that this reduction in costs from fewer polling locations on election day will offset some of the new costs.

14 Burden and Stewart, *Measure.*

15 Madera County, CA, Election Administration Plan 2018.

16 As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

17 See for instance Sawyer, *Early Voting.*

18 In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

Given the wide variation in reporting from counties, the likelihood of short-term cost fluctuations, as well as the likelihood of long-term savings, all of an indeterminate quantity, it makes the most sense to describe the fiscal impact *as "$0 to unknown."*

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[19] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[20] For both practical and financial reasons, we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[21] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[22] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for

19 For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

20 For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

21 Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

22 For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days before election day for a total of $41,856, which is a reduction in cost. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

transportation and rental space), as has happened in other states.[23] It also reduces the number of provisional ballots.[24]

If at all, the 102 rural counties in Missouri with fewer than 50,000 voters would incur costs only for overtime for its staff on the Saturday and Sunday before election day. In the fiscal note for petition 20-072, the Secretary of State anticipated that these additional weekend hours would require 348 judge-days statewide (two judges for 1.5 days in all 116 jurisdictions) for $375 per jurisdiction or $43,500 per election.

> [**Clarification**: Petitions 20-129, 132-133, and 136-139 do not mandate weekend hours, which should exclude these figures from the fiscal cost analysis.

Overall, early voting has been proven in other states to *drastically reduce* costs in the long-term and/or allowed for the reallocation of scarce resources.[25] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[26] Doing so may require some trial and error, as other states have experienced.[27]

23 Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

24 Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

25 Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

26 For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1262 registered voters per 8-hour day or 158 per hour in an early voting period of 42 days if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 631 per day and 79 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 258 registered voters per day or 33 per hour in a single voting center without having to open a second center.

27 Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[**Clarification**: In the case of Petitions 20-130-131 and 134-135 which mandate weekend hours before election day, local election officers could easily reallocate existing staff to cover those hours.[28]]

Given the flexibility in the legislation to adapt to local conditions, the fiscal impact cannot be precisely measured. It should be stated as *"$0 to unknown."*

These points, especially when taken together, indicate that there is a strong likelihood of new short-term expenses resulting from these petitions along with significant opportunities for long-term cost savings. This variation makes it impossible to estimate the net fiscal impact of this multifaceted legislation.[29] We therefore advise the State Auditor to summarize the potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

28 For instance, local election officials could ensure that there are two staff members available on the Saturday and Sunday of the weekend before election day either by creating a 46 minute daily reduction in a single staff member's daily schedule for the 42 days of early voting or offering two days day off during the week for two staff members during a period of low voter activity. Some local election officers already engage in such practices.

29 The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and *overall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from the **Department of Higher Education and Workforce Development, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $746,000 in one-time costs, $138,000 in annual costs, and $149,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 6, 2019

RECEIVED
NOV 0 6 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, version 6 (2020-134)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on November 6, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 NOV -6 AM 9:10

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary _____

Address of Notary _____

(Seal)

20-134

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5, 7, and 22, and adopting three new sections to be known as Article VIII, Sections 24, 25, and 26.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5, 7, and 22, and adopting three new sections to be known as Article VIII, Sections 24, 25, and 26 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible all eligible citizens are registered to vote. Only American citizens who are residents of Missouri and meet all other legal criteria established under general election law shall be allowed to register to vote or to vote.

2. The secretary of state shall establish a process to automatically register to vote all eligible citizens subject to the following provisions.

(1) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(2) Based on the list received under this subsection, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(3) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, a voter has not declined registration by the method provided, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(4) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration if the record of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

(5) In no case shall any agency or the secretary of state be required to provide lists of eligible voters who did not conduct a transaction with said agency or secretary of state in the week prior to the production of the list.

3. Methods of voter registration other than those provided for in section 2 of this section may be provided for by law. Nothing in this section shall invalidate methods of voter registration that existed prior to its adoption.

4. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

5. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election.

(2) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (1).

Section 22. If any portion, clause, or phrase of this Article [Amendment] is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. In order to prevent voter fraud and election tampering, the secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Every citizen of the United States who is a qualified, registered voter in Missouri shall have the right to vote a secret ballot in all elections called pursuant to general election law.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-134)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received November 6, 2019)

Date

November 26, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may be required to request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated a total estimated net effect on all state funds of $0 for fiscal year 2020, $0 for fiscal year 2021, and $0 for fiscal year 2022.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated they assume this will have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have a fiscal impact on their department. It would cause increased operating costs in the General Revenue Fund of $40,034 for fiscal year (FY) 2021 for salary costs and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

OA-ITSD cost estimate equals 298.08 hours x $75 = $28,318

ITSD - DOR							
Bill Number	IP 20-134	FN #	IP 20-134				
Bill Section(s)	5.2						
Application Name:	DMVC/MyDMV				**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			95	17	1,615	-	-
Analysis			95	17	1,615	-	-
Design			95	17	1,615	-	-
Development			95	168	15,960	-	-
Test			95	50	4,750	-	-
Implementation			95	7	665	-	-
Project Management			95	22.08	2,098	-	-
On-going support			95		-	-	-
Section Total IT Consultants:			95	298.08	28,318	-	-
Other Costs:			**Cost Per**	**Number**	**$**	**$**	**$**
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-

		-	-	-	-	-
Section Total Other Costs:				-	-	-
Section Total Expenditures:				28,318	-	-
General Revenue				28,318		-
Federal					-	-
Other						
Section Funding:				28,318	-	-
Should be $0				0	-	-

2. Does this proposal duplicate any other program?
No
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)
This bill impacts the Online Address Change website to collect change of addresses by citizens
8b. Explantion of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.
Language in the IP is already being implemented in a rewrite of the online address change website process

Section 5 (1)

The proposed language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the state of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes it will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend or discontinue current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

Administrative Impact

To implement provisions of Section 5 (1) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021
Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021
Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager -	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,715.60

OA-ITSD Impact

ITSD - DOR							
Bill Number	IP 20-134	FN #	IP 20-134				
Bill Section(s)	5.2						
Application Name:	DMVC/MyDMV				**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			95	17	1,615	-	-
Analysis			95	17	1,615	-	-
Design			95	17	1,615	-	-
Development			95	168	15,960	-	-
Test			95	50	4,750	-	-
Implementation			95	7	665	-	-
Project Management			95	22.08	2,098	-	-
On-going support			95		-	-	-
Section Total IT Consultants:			95	298.08	28,318	-	-

Other Costs:		Cost Per	Number	$	$	$
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
Section Total Other Costs:				-	-	-
Section Total Expenditures:				28,318	-	-
General Revenue				28,318		-

The department also provided the following comments:

Section 5 (1)

For purpose of this fiscal note the Department assumes that it will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated this initiative petition should have no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition should not have a fiscal impact to their department/Missouri Highways and Transportation Commission. The reporting of a list of citizens for voting is not eligible to be paid for with State Revenue Derived from Highway Users (SRHU), and further, Article IV, Section 30(b), Missouri Constitution limits the Department of Revenue (DOR) to its actual costs to collect SRHU and caps the amount of SRHU that DOR may receive to no more than 3% of the proceeds of SRHU collected.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5, 7, and 22 and adopting three new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration. The Department of Revenue shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal provides that every qualified, registered voter shall have the right to vote using a secret ballot.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop a new interface, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for

outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

Additionally, this petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated the following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **20.9%** of the population is under **18** years old, which accounts for **60,957** residents. They have on average **190,000** registered voters, of which about **30,000 (16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
AP = Annual Pay

291,923 R's – 60,957 R's under **18 yrs = 230,966 R's 18 yrs** or older

230,966 R's 18 yrs or older – **190,000 RV's = 40,966 PV's**

40,966 PV's x .50 MC = $20,483

40,966 PV x 1.06 CPC2P = $43,423.96

If they have approximately **40,966 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$20,483 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$43,423.96** to the cost when it is multiplied by the estimated **40,966** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost will be **$24,689.60** per hire for their annual pay. The total annual cost for two fulltime hires will be **$49,379.20.**

40,966 PV's x .50 MC	**= $20,483**
40,966 PV's x 1.06 CPC2P	**= $43,423.96**
2 FTH x $24,689.60 AP	**= $49,379.20**
Total:	**= $113,286.16**

The total estimated initial cost for Greene County for **IP 20-134** proposing to amend Article VIII, version 6, will cost Greene County **$113,286.16** with a minimum ongoing cost of **$49,379.20** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from **St. Louis County** indicated they do not foresee a substantial fiscal impact on the operations of St. Louis County Government.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated with regards to petitions 20-129 through 20-139, which all appear to pertain to the establishment of an automatic voter registration process; admittedly they did not read each of these word for word, however the two they did read (20-129 and 20-138) did not appear to have any specific fiscal impact unique to their school district other than the cost this process may have to the state's general revenue. In which case there will be slightly less money available for all other state funded services, including their school.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $60,000 per County-wide election, with an additional $9,000 annual cost. Having each of four satellite offices open for an additional 12 hours on the weekend, and at a rate of $5,000 per every 8 hours, this would cost $30,000. The additional absentee costs in the amendment are also estimated to be about $30,000. They pay a vendor to print and mail their absentee ballots, so the no-excuse absentee portion of the petition would include additional absentee costs for printing and mailing. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Kansas City Election Board** indicated additional costs of $80,000 per year and $43,500 per election for this initiative petition. The spreadsheet on the next page shows the anticipated costs for all 11 versions of this fiscal note. This estimate was based on one election per year, would range from $110,500 to $123,500 depending on the services provided. Two additional staff would need to be hired to process the additional affidavits for $80,000, including benefits, (fixed expenses). There would variable costs for each election for postage, printing, staff overtime, temporary expense, election services fee of 5% and other miscellaneous expenses ranging from $30,500 to $43,500.

Kansas City Election Board Fiscal Notes 11/15/2019	Two Voter Services Employees w/ Benefits	Postage	Supplies & Printing	Overtime	Temporaries	Parking & Other Services	Election Services Fee	Total	DMV	Early Absentee	Risk-Limit Auditing	Sat & Sun Extended Hours	Secret Ballot
Fiscal Notice 20-129	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-130	$80,000	$7,500	$5,000	$7,500	$7,500	$6,000	$5,000	$118,500	x	x	x	x	
Fiscal Notice 20-131	$80,000	$7,500	$5,000	$7,500	$7,500	$6,000	$5,000	$118,500	x	x	x	x	
Fiscal Notice 20-132	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-133	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-134	$80,000	$7,500	$7,500	$7,500	$10,000	$6,000	$5,000	$123,500	x	x	x	x	x
Fiscal Notice 20-135	$80,000	$7,500	$7,500	$7,500	$10,000	$6,000	$5,000	$123,500	x	x	x	x	x
Fiscal Notice 20-136	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-137	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-138	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-139	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		

Officials from the **Platte County Election Board** indicated they anticipate $2,000.00 of additional expense per election.

Officials from the **State Auditor's office** indicated this initiative petition proposal should have no fiscal impact on their office and any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
15 November 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for Ballot Initiatives in 11 Variations 20-129 through 20-139

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of petition-based ballot initiatives to amend the Missouri Constitution in 11 variations: 20-129 through 20-139.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We analyzed the fiscal note for petition 20-072, on which these petitions are based. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. Finally, we considered reports provided by counties and states like California, Colorado, Michigan, and North Carolina that recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of *$0 to the State of Missouri.***

   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018; see also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[1], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). In the fiscal note for a similar version of this petition (20-072), the State Auditor predicted a similar figure for modernizing the Missouri Centralized Voter Registration ($1,000,000) with modest figures for programming software updates ($34,072).

   As we emphasized in our earlier letter to your office, however, Missouri has *no reason to rely solely on its own resources* for modernizing its election technologies. In 2018, Missouri received *$7,230,625* for these express purposes from the Federal Government.[2] Moreover, the 5% matching funds required of the State have already been provided, according to the Federal Financial Report, so it is also not necessary to budget an additional sum of approximately $50-60,000 for those matching funds. According to the U. S. Election Assistance Commission, states may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (see #2 below). In the *Missouri 2018 HAVA Program and Budget Narrative* submitted to the U. S. Election Assistance Commission in July 2018, Secretary of State John Ashcroft specifically mentions that his office plans to use these Federal resources to "modernize" the MCVR and upgrade both physical and electronic security, among other things.

1 According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

2 According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. According to the report from 2018, Missouri has currently spent $224,922 of $7,230,625 requested, leaving a balance of *$7,037,285* including interest. Missouri has until March 22, 2023 to spend these funds.

In other words, these expenses are already accounted for. To be sure, new needs may arise in the course of making these improvements, but they are unknown. The most accurate estimate for new infrastructural costs *due to the petition would therefore be "$0 to unknown".*

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**

   The Federal grants (listed above) that cover upgrading our technology for cybersecurity etc.[3] could also be used to cover infrastructural improvements for risk-limiting audits. These Federal grants have already been received and State matching funds have already been apportioned for those purposes.

   Long-term, there may be ongoing costs or even net savings; but it is impossible to estimate them without knowing which specific kind of risk-limiting audits and what kinds of cybersecurity technologies will be implemented. *It makes the most sense to list them as "$0 to unknown."*

3. **There will be no ($0) up-front costs for "opt-out" mailings for automatic voter registration because the petitions no longer mandate an initial mailing to all non-registered voters.**

   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for an initial set of "opt-out" mailings based on the number of eligible non-registered voters in government records.[4] In the fiscal note for petition 20-072, the Secretary of State estimated that there are 743,280 eligible non-registered voters who could be contacted at a total expense statewide for local election officials of as much as or more than $702,222. Yet this estimate of eligible voters is probably two times too high;[5] and the current petitions 20-129 through -139 no longer mandate an initial mailing to allow all those non-registered voters to "opt-out" of voter registration beginning in 2021. These expenses should therefore be *removed entirely from the fiscal cost analysis ($0)* and no other new expenses should be added.

3 *Ibid.*

4 The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing, as per the Secretary of State, $668,952 + $33,270 = $702,222. Yet data from the United States Election Project suggests that this population estimate is two times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

5 *Ibid.*

[**Clarification**: The new batch of petitions specifically stipulate in Section 5.2(5): "In no case shall any agency or the Secretary of State be required to provide lists of eligible voters who did not conduct a transaction with said agency or Secretary of State in the week prior to the production of the list." The former petitions mandated the creation of lists of *all potential* voters who are currently not registered. They would have required a large single mailing at the first implementation of these new procedures. The current petitions refer simply to lists of *new* voters identified each week through regular automatic voter registration procedures, for instance, when eligible voters seek to renew a license at the Department of Motor Vehicles.]

4. The long-term cost of automatic voter registration is "unknown."

Fiscal notes for prior legislation offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[6] In the fiscal note for a similar version of this petition (20-072), only St. Louis County listed ongoing costs of automatic voter registration at $9,000 for printing and mailing costs.

[**Clarification**: The Secretary of State overestimates the number of non-registered eligible voters who would ultimately be registered through the automatic voter registration process. We know, for instance, that many voters self-register or are registered in voter registration drives by non-profit organizations. Moreover, this figure fails to consider opportunities to economize the voter registration process that typically come with automatic voter registration (see below). The Secretary of State draws a similar conclusion about ongoing costs in his comment for petition 20-072: "The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases."]

No additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont. Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[7] In various states, however, automatic voter registration has

6 For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

7 Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reduced other costs, for instance, by reducing the number of provisional ballots.[8] Arguably large cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[9] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. We therefore urge the State Auditor to describe these costs as *"$0 to unknown."*

5. Moving the final registration date to fifteen days before election day will cost $0.

There are still no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). In the fiscal note for petition (20-072), only Greene County mentions any additional costs whatsoever for moving back the last possible registration date, claiming that it requires the hiring of 2.5 additional employees at $49,379.20 annually; but they justify these hires also on the basis of higher costs for administering absentee mailing and risk-limited auditing post-election. Most other counties do not report any need for additional expenditures.

This conclusion is demonstrated by comparative evidence from other states who have implemented *same-day* registration: they either report *no* increase in long-term cost for new technology and staff, or report a reallocation of existing resources to absorb those expenses.[10] In 2012, California approved Conditional Voter

8 National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

9 In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

10 According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration.

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to *same-day* registration.[11] The policy proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[12]

It is therefore reasonable to assume that *no additional expenses ($0) would be incurred.*

6. The cost to allow all eligible voters to vote "without excuse" by absentee ballot is "unknown" if not $0.

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[13] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies.

Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. In the

Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

11 The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

12 The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

13 Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Barry Burden and Charles Stewart, *The Measure of American Elections* (Cambridge, 2014), p. 118.

fiscal note for 20-072, Greene County includes the expense of absentee ballots (along with other things) at $49,379.20 annually; but the much larger St. Louis County set this figure at $30,000; and Platt County at $3,000. The reason: costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to absentee voting before the necessary infrastructure has been created.

But it is far more likely that there will be a more gradual adjustment period because state- and even county-specific voting cultures are often strong predictors of future behavior, which suggests that there will be some inertia when it comes to voting practices.[14] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[15] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[16] It thus seems reasonable to assume, given the fact that absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[17]

Moreover, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[18] St. Louis County is anticipating that this reduction in costs from fewer polling locations on election day will offset some of the new costs.

14 Burden and Stewart, *Measure*.

15 Madera County, CA, Election Administration Plan 2018.

16 As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

17 See for instance Sawyer, *Early Voting*.

18 In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

Given the wide variation in reporting from counties, the likelihood of short-term cost fluctuations, as well as the likelihood of long-term savings, all of an indeterminate quantity, it makes the most sense to describe the fiscal impact *as "$0 to unknown."*

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[19] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[20] For both practical and financial reasons, we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[21] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[22] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for

19 For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

20 For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

21 Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

22 For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days before election day for a total of $41,856, which is a reduction in cost. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

transportation and rental space), as has happened in other states.[23] It also reduces the number of provisional ballots.[24]

If at all, the 102 rural counties in Missouri with fewer than 50,000 voters would incur costs only for overtime for its staff on the Saturday and Sunday before election day. In the fiscal note for petition 20-072, the Secretary of State anticipated that these additional weekend hours would require 348 judge-days statewide (two judges for 1.5 days in all 116 jurisdictions) for $375 per jurisdiction or $43,500 per election.

> [**Clarification**: Petitions 20-129, 132-133, and 136-139 do not mandate weekend hours, which should exclude these figures from the fiscal cost analysis.

Overall, early voting has been proven in other states to *drastically reduce* costs in the long-term and/or allowed for the reallocation of scarce resources.[25] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[26] Doing so may require some trial and error, as other states have experienced.[27]

23 Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

24 Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

25 Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

26 For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1262 registered voters per 8-hour day or 158 per hour in an early voting period of 42 days if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 631 per day and 79 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 258 registered voters per day or 33 per hour in a single voting center without having to open a second center.

27 Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[**Clarification**: In the case of Petitions 20-130-131 and 134-135 which mandate weekend hours before election day, local election officers could easily reallocate existing staff to cover those hours.[28]]

Given the flexibility in the legislation to adapt to local conditions, the fiscal impact cannot be precisely measured. It should be stated as *"$0 to unknown."*

These points, especially when taken together, indicate that there is a strong likelihood of new short-term expenses resulting from these petitions along with significant opportunities for long-term cost savings. This variation makes it impossible to estimate the net fiscal impact of this multifaceted legislation.[29] We therefore advise the State Auditor to summarize the potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

28 For instance, local election officials could ensure that there are two staff members available on the Saturday and Sunday of the weekend before election day either by creating a 46 minute daily reduction in a single staff member's daily schedule for the 42 days of early voting or offering two days day off during the week for two staff members during a period of low voter activity. Some local election officers already engage in such practices.

29 The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and *overall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from the **Department of Higher Education and Workforce Development, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $746,000 in one-time costs, $138,000 in annual costs, and $149,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 6, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
NOV 06 2019
STATE AUDITOR'S OFFICE

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, version 5 (2020-133)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on November 6, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 NOV -6 AM 9:18
SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary _____

Address of Notary _____

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5, 7, and 22, and adopting three new sections to be known as Article VIII, Sections 24, 25, and 26.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5, 7, and 22, and adopting three new sections to be known as Article VIII, Sections 24, 25, and 26 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible all eligible citizens are registered to vote. Only American citizens who are residents of Missouri and meet all other legal criteria established under general election law shall be allowed to register to vote or to vote.

2. The secretary of state shall establish a process to automatically register to vote all eligible citizens subject to the following provisions.

(1) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(2) Based on the list received under this subsection, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(3) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, a voter has not declined registration by the method provided, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(4) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration if the record of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

(5) In no case shall any agency or the secretary of state be required to provide lists of eligible voters who did not conduct a transaction with said agency or secretary of state in the week prior to the production of the list.

3. Methods of voter registration other than those provided for in section 2 of this section may be provided for by law. Nothing in this section shall invalidate methods of voter registration that existed prior to its adoption.

4. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

5. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours.

(1) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (1).

Section 22. If any portion, clause, or phrase of this Article [Amendment] is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. In order to prevent voter fraud and election tampering, the secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Every citizen of the United States who is a qualified, registered voter in Missouri shall have the right to vote using a secret ballot in all elections called pursuant to general election law.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-133)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received November 6, 2019)

Date

November 26, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may be required to request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated a total estimated net effect on all state funds of $0 for fiscal year 2020, $0 for fiscal year 2021, and $0 for fiscal year 2022.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated they assume this will have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have a fiscal impact on their department. It would cause increased operating costs in the General Revenue Fund of $40,034 for fiscal year (FY) 2021 for salary costs and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

OA-ITSD cost estimate equals 298.08 hours x $75 = $28,318

ITSD - DOR							
Bill Number	IP 20-133	FN #	IP 20-133				
Bill Section(s)	5.2						
Application Name:	DMVC/MyDMV				**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			95	17	1,615	-	-
Analysis			95	17	1,615	-	-
Design			95	17	1,615	-	-
Development			95	168	15,960	-	-
Test			95	50	4,750	-	-
Implementation			95	7	665	-	-
Project Management			95	22.08	2,098	-	-
On-going support			95		-	-	-
Section Total IT Consultants:			95	298.08	28,318	-	-
Other Costs:			**Cost Per**	**Number**	**$**	**$**	**$**
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-

		-	-	-	-	-
Section Total Other Costs:				-	-	-
Section Total Expenditures:				28,318	-	-
General Revenue				28,318		-
Federal					-	-
Other						
Section Funding:				28,318	-	-
Should be $0				0	-	-

2. Does this proposal duplicate any other program?
No
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)
This bill impacts the Online Address Change website to collect change of addresses by citizens
8b. Explantion of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.
Language in the IP is already being implemented in a rewrite of the online address change website process

Section 5 (1)

The proposed language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the state of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes it will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend or discontinue current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

Administrative Impact

To implement provisions of Section 5 (1) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021
Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021
Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager -	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,715.60

OA-ITSD Impact

ITSD - DOR							
Bill Number	IP 20-133	FN #	IP 20-133				
Bill Section(s)	5.2						
Application Name:	DMVC/MyDMV				**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			95	17	1,615	-	-
Analysis			95	17	1,615	-	-
Design			95	17	1,615	-	-
Development			95	168	15,960	-	-
Test			95	50	4,750	-	-
Implementation			95	7	665	-	-
Project Management			95	22.08	2,098	-	-
On-going support			95		-	-	-
Section Total IT Consultants:			95	298.08	28,318	-	-

Other Costs:		Cost Per	Number	$	$	$
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
Section Total Other Costs:				-	-	-
Section Total Expenditures:				28,318	-	-
General Revenue				28,318		-

The department also provided the following comments:

Section 5 (1)
For purpose of this fiscal note the Department assumes that it will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated this initiative petition should have no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition should not have a fiscal impact to their department/Missouri Highways and Transportation Commission. The reporting of a list of citizens for voting is not eligible to be paid for with State Revenue Derived from Highway Users (SRHU), and further, Article IV, Section 30(b), Missouri Constitution limits the Department of Revenue (DOR) to its actual costs to collect SRHU and caps the amount of SRHU that DOR may receive to no more than 3% of the proceeds of SRHU collected.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5, 7, and 22 and adopting three new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration. The Department of Revenue shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal provides that every qualified, registered voter shall have the right to vote using a secret ballot.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop a new interface, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for

outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated the following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **20.9%** of the population is under **18** years old, which accounts for **60,957** residents. They have on average **190,000** registered voters, of which about **30,000 (16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
AP = Annual Pay

291,923 R's – 60,957 R's under **18 yrs = 230,966 R's 18 yrs** or older

230,966 R's 18 yrs or older – **190,000 RV's = 40,966 PV's**

40,966 PV's x .50 MC = $20,483

40,966 PV x 1.06 CPC2P = $43,423.96

If they have approximately **40,966 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$20,483 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$43,423.96** to the cost when it is multiplied by the estimated **40,966** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost will be **$24,689.60** per hire for their annual pay. The total annual cost for two fulltime hires will be **$49,379.20.**

40,966 PV's x .50 MC	**= $20,483**
40,966 PV's x 1.06 CPC2P	**= $43,423.96**
2 FTH x $24,689.60 AP	**= $49,379.20**
Total:	**= $113,286.16**

The total estimated initial cost for Greene County for **IP 20-133** proposing to amend Article VIII, version 5, will cost Greene County **$113,286.16** with a minimum ongoing cost of **$49,379.20** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from **St. Louis County** indicated they do not foresee a substantial fiscal impact on the operations of St. Louis County Government.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated with regards to petitions 20-129 through 20-139, which all appear to pertain to the establishment of an automatic voter registration process; admittedly they did not read each of these word for word, however the two they did read (20-129 and 20-138) did not appear to have any specific fiscal impact unique to their school district other than the cost this process may have to the state's general revenue. In which case there will be slightly less money available for all other state funded services, including their school.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $30,000 per County-wide election, with an additional $9,000 annual cost. The additional absentee costs in the amendment would cost

$30,000. They pay a vendor to print and mail their absentee ballots, so the no-excuse absentee portion of the petition would include additional absentee costs for printing and mailing. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Kansas City Election Board** indicated additional costs of $80,000 per year and $35,500 per election for this initiative petition. The spreadsheet on the next page shows the anticipated costs for all 11 versions of this fiscal note. This estimate was based on one election per year, would range from $110,500 to $123,500 depending on the services provided. Two additional staff would need to be hired to process the additional affidavits for $80,000, including benefits, (fixed expenses). There would variable costs for each election for postage, printing, staff overtime, temporary expense, election services fee of 5% and other miscellaneous expenses ranging from $30,500 to $43,500.

Kansas City Election Board Fiscal Notes 11/15/2019	Two Voter Services Employees w/ Benefits	Postage	Supplies & Printing	Overtime	Temporaries	Parking & Other Services	Election Services Fee	Total	DMV	Early Absentee	Risk-Limit Auditing	Sat & Sun Extended Hours	Secret Ballot
Fiscal Notice 20-129	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-130	$80,000	$7,500	$5,000	$7,500	$7,500	$6,000	$5,000	$118,500	x	x	x	x	
Fiscal Notice 20-131	$80,000	$7,500	$5,000	$7,500	$7,500	$6,000	$5,000	$118,500	x	x	x	x	
Fiscal Notice 20-132	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-133	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-134	$80,000	$7,500	$7,500	$7,500	$10,000	$6,000	$5,000	$123,500	x	x	x	x	x
Fiscal Notice 20-135	$80,000	$7,500	$7,500	$7,500	$10,000	$6,000	$5,000	$123,500	x	x	x	x	x
Fiscal Notice 20-136	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-137	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-138	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-139	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		

Officials from the **Platte County Election Board** indicated they anticipate no fiscal impact.

Officials from the **State Auditor's office** indicated this initiative petition proposal should have no fiscal impact on their office and any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
15 November 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for Ballot Initiatives in 11 Variations 20-129 through 20-139

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of petition-based ballot initiatives to amend the Missouri Constitution in 11 variations: 20-129 through 20-139.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We analyzed the fiscal note for petition 20-072, on which these petitions are based. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. Finally, we considered reports provided by counties and states like California, Colorado, Michigan, and North Carolina that recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of *$0 to the State of Missouri.***

   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018; see also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[1], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). In the fiscal note for a similar version of this petition (20-072), the State Auditor predicted a similar figure for modernizing the Missouri Centralized Voter Registration ($1,000,000) with modest figures for programming software updates ($34,072).

   As we emphasized in our earlier letter to your office, however, Missouri has *no reason to rely solely on its own resources* for modernizing its election technologies. In 2018, Missouri received *$7,230,625* for these express purposes from the Federal Government.[2] Moreover, the 5% matching funds required of the State have already been provided, according to the Federal Financial Report, so it is also not necessary to budget an additional sum of approximately $50-60,000 for those matching funds. According to the U. S. Election Assistance Commission, states may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (see #2 below). In the *Missouri 2018 HAVA Program and Budget Narrative* submitted to the U. S. Election Assistance Commission in July 2018, Secretary of State John Ashcroft specifically mentions that his office plans to use these Federal resources to "modernize" the MCVR and upgrade both physical and electronic security, among other things.

1 According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

2 According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. According to the report from 2018, Missouri has currently spent $224,922 of $7,230,625 requested, leaving a balance of *$7,037,285* including interest. Missouri has until March 22, 2023 to spend these funds.

In other words, these expenses are already accounted for. To be sure, new needs may arise in the course of making these improvements, but they are unknown. The most accurate estimate for new infrastructural costs *due to the petition would therefore be "$0 to unknown".*

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**

   The Federal grants (listed above) that cover upgrading our technology for cybersecurity etc.[3] could also be used to cover infrastructural improvements for risk-limiting audits. These Federal grants have already been received and State matching funds have already been apportioned for those purposes.

   Long-term, there may be ongoing costs or even net savings; but it is impossible to estimate them without knowing which specific kind of risk-limiting audits and what kinds of cybersecurity technologies will be implemented. *It makes the most sense to list them as "$0 to unknown."*

3. **There will be no ($0) up-front costs for "opt-out" mailings for automatic voter registration because the petitions no longer mandate an initial mailing to all non-registered voters.**

   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for an initial set of "opt-out" mailings based on the number of eligible non-registered voters in government records.[4] In the fiscal note for petition 20-072, the Secretary of State estimated that there are 743,280 eligible non-registered voters who could be contacted at a total expense statewide for local election officials of as much as or more than $702,222. Yet this estimate of eligible voters is probably two times too high;[5] and the current petitions 20-129 through -139 no longer mandate an initial mailing to allow all those non-registered voters to "opt-out" of voter registration beginning in 2021. These expenses should therefore be *removed entirely from the fiscal cost analysis ($0)* and no other new expenses should be added.

3 *Ibid.*

4 The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing, as per the Secretary of State, $668,952 + $33,270 = $702,222. Yet data from the United States Election Project suggests that this population estimate is two times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

5 *Ibid.*

[**Clarification**: The new batch of petitions specifically stipulate in Section 5.2(5): "In no case shall any agency or the Secretary of State be required to provide lists of eligible voters who did not conduct a transaction with said agency or Secretary of State in the week prior to the production of the list." The former petitions mandated the creation of lists of *all potential* voters who are currently not registered. They would have required a large single mailing at the first implementation of these new procedures. The current petitions refer simply to lists of *new* voters identified each week through regular automatic voter registration procedures, for instance, when eligible voters seek to renew a license at the Department of Motor Vehicles.]

4. The long-term cost of automatic voter registration is "unknown."

Fiscal notes for prior legislation offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[6] In the fiscal note for a similar version of this petition (20-072), only St. Louis County listed ongoing costs of automatic voter registration at $9,000 for printing and mailing costs.

[**Clarification**: The Secretary of State overestimates the number of non-registered eligible voters who would ultimately be registered through the automatic voter registration process. We know, for instance, that many voters self-register or are registered in voter registration drives by non-profit organizations. Moreover, this figure fails to consider opportunities to economize the voter registration process that typically come with automatic voter registration (see below). The Secretary of State draws a similar conclusion about ongoing costs in his comment for petition 20-072: "The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases."]

No additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont. Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[7] In various states, however, automatic voter registration has

6 For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

7 Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reduced other costs, for instance, by reducing the number of provisional ballots.[8] Arguably large cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[9] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. We therefore urge the State Auditor to describe these costs as *"$0 to unknown."*

5. Moving the final registration date to fifteen days before election day will cost $0.

There are still no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). In the fiscal note for petition (20-072), only Greene County mentions any additional costs whatsoever for moving back the last possible registration date, claiming that it requires the hiring of 2.5 additional employees at $49,379.20 annually; but they justify these hires also on the basis of higher costs for administering absentee mailing and risk-limited auditing post-election. Most other counties do not report any need for additional expenditures.

This conclusion is demonstrated by comparative evidence from other states who have implemented *same-day* registration: they either report *no* increase in long-term cost for new technology and staff, or report a reallocation of existing resources to absorb those expenses.[10] In 2012, California approved Conditional Voter

8 National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

9 In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

10 According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration.

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to *same-day* registration.[11] The policy proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[12]

It is therefore reasonable to assume that *no additional expenses ($0) would be incurred.*

6. The cost to allow all eligible voters to vote "without excuse" by absentee ballot is "unknown" if not $0.

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[13] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies.

Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. In the

Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

11 The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

12 The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

13 Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Barry Burden and Charles Stewart, *The Measure of American Elections* (Cambridge, 2014), p. 118.

fiscal note for 20-072, Greene County includes the expense of absentee ballots (along with other things) at $49,379.20 annually; but the much larger St. Louis County set this figure at $30,000; and Platt County at $3,000. The reason: costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to absentee voting before the necessary infrastructure has been created.

But it is far more likely that there will be a more gradual adjustment period because state- and even county-specific voting cultures are often strong predictors of future behavior, which suggests that there will be some inertia when it comes to voting practices.[14] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[15] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[16] It thus seems reasonable to assume, given the fact that absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[17]

Moreover, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[18] St. Louis County is anticipating that this reduction in costs from fewer polling locations on election day will offset some of the new costs.

14 Burden and Stewart, *Measure*.

15 Madera County, CA, Election Administration Plan 2018.

16 As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

17 See for instance Sawyer, *Early Voting*.

18 In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

Given the wide variation in reporting from counties, the likelihood of short-term cost fluctuations, as well as the likelihood of long-term savings, all of an indeterminate quantity, it makes the most sense to describe the fiscal impact *as "$0 to unknown."*

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[19] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[20] For both practical and financial reasons, we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[21] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[22] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for

19 For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

20 For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

21 Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

22 For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days before election day for a total of $41,856, which is a reduction in cost. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

transportation and rental space), as has happened in other states.[23] It also reduces the number of provisional ballots.[24]

If at all, the 102 rural counties in Missouri with fewer than 50,000 voters would incur costs only for overtime for its staff on the Saturday and Sunday before election day. In the fiscal note for petition 20-072, the Secretary of State anticipated that these additional weekend hours would require 348 judge-days statewide (two judges for 1.5 days in all 116 jurisdictions) for $375 per jurisdiction or $43,500 per election.

> [**Clarification**: Petitions 20-129, 132-133, and 136-139 do not mandate weekend hours, which should exclude these figures from the fiscal cost analysis.

Overall, early voting has been proven in other states to *drastically reduce* costs in the long-term and/or allowed for the reallocation of scarce resources.[25] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[26] Doing so may require some trial and error, as other states have experienced.[27]

23 Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

24 Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

25 Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

26 For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1262 registered voters per 8-hour day or 158 per hour in an early voting period of 42 days if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 631 per day and 79 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 258 registered voters per day or 33 per hour in a single voting center without having to open a second center.

27 Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[**Clarification**: In the case of Petitions 20-130-131 and 134-135 which mandate weekend hours before election day, local election officers could easily reallocate existing staff to cover those hours.[28]]

Given the flexibility in the legislation to adapt to local conditions, the fiscal impact cannot be precisely measured. It should be stated as *"$0 to unknown."*

These points, especially when taken together, indicate that there is a strong likelihood of new short-term expenses resulting from these petitions along with significant opportunities for long-term cost savings. This variation makes it impossible to estimate the net fiscal impact of this multifaceted legislation.[29] We therefore advise the State Auditor to summarize the potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

28 For instance, local election officials could ensure that there are two staff members available on the Saturday and Sunday of the weekend before election day either by creating a 46 minute daily reduction in a single staff member's daily schedule for the 42 days of early voting or offering two days day off during the week for two staff members during a period of low voter activity. Some local election officers already engage in such practices.

29 The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and *overall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from the **Department of Higher Education and Workforce Development, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore, the City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $746,000 in one-time costs, $138,000 in annual costs, and $66,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 6, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
NOV 06 2019
STATE AUDITORS OFFICE

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, version 4 (2020-132)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on November 6, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2020 NOV -6 AM 9:12
JOHN ASHCROFT
SECRETARY OF STATE

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Signature of Notary _____

Address of Notary _____

(Seal)

20-132

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5, 7, and 22, and adopting two new sections to be known as Article VIII, Sections 24 and 25.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5, 7, and 22, and adopting two new sections to be known as Article VIII, Sections 24 and 25 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, all eligible citizens are registered to vote. Only American citizens who are residents of Missouri and meet all other legal criteria established under general election law shall be allowed to register to vote or to vote.

2. The secretary of state shall establish a process to automatically register to vote all eligible citizens subject to the following provisions.

(1) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(2) The secretary of state may also request lists of eligible citizens from additional state agencies including any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction, any agency that has records of eligible citizens who would not otherwise be registered to vote, and any agency that is required to offer voter registration services under any other provision of law including but not limited to Section 7 of the National Voter Registration Act as amended. Such lists shall be provided on at least a weekly basis as eligible citizens conduct transactions with the agencies from which the lists are requested.

(3) Based on the lists received under this subsection, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(4) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, a voter has not declined registration by the method provided, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(5) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration if the record of such individual is

transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

(6) In no case shall any agency or the secretary of state be required to provide lists of eligible voters who did not conduct a transaction with said agency or secretary of state in the week prior to the production of the list.

3. Methods of voter registration other than those provided for in section 2 of this section may be provided for by law. Nothing in this section shall invalidate methods of voter registration that existed prior to its adoption.

4. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

5. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours.

(2) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (1).

Section 22. If any portion, clause, or phrase of this Article [Amendment] is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. In order to prevent voter fraud and election tampering, the secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-132)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received November 6, 2019)

Date

November 26, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may be required to request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated a total estimated net effect on all state funds of $0 for fiscal year 2020, $0 for fiscal year 2021, and $0 for fiscal year 2022.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated they assume this will have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have a fiscal impact on their department. It would cause increased operating costs in the General Revenue Fund of $40,034 for fiscal year (FY) 2021 for salary costs and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

Additional state agencies as described in Section 5 (2) will be affected.

OA-ITSD cost estimate equals 298.08 hours x $75 = $28,318

ITSD - DOR							
Bill Number	IP 20-132	FN #	IP 20-132				
Bill Section(s)	5.2						
Application Name:	DMVC/MyDMV				**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			95	17	1,615	-	-
Analysis			95	17	1,615	-	-
Design			95	17	1,615	-	-
Development			95	168	15,960	-	-
Test			95	50	4,750	-	-
Implementation			95	7	665	-	-
Project Management			95	22.08	2,098	-	-
On-going support			95		-	-	-
Section Total IT Consultants:			95	298.08	28,318	-	-
Other Costs:			**Cost Per**	**Number**	**$**	**$**	**$**
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-

		-	-	-	-	-
Section Total Other Costs:				-	-	-
Section Total Expenditures:				28,318	-	-
General Revenue				28,318		-
Federal					-	-
Other						
Section Funding:				28,318	-	-
Should be $0				0	-	-

2. Does this proposal duplicate any other program?
No
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)
This bill impacts the Online Address Change website to collect change of addresses by citizens
8b. Explantion of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.
Language in the IP is already being implemented in a rewrite of the online address change website process

Section 5 (1)

The proposed language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the state of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes it will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend or discontinue current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

Administrative Impact

To implement provisions of Section 5 (1) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021
Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021
Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager -	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,715.60

OA-ITSD Impact

ITSD - DOR							
Bill Number	IP 20-132	FN #	IP 20-132				
Bill Section(s)	5.2						
Application Name:	DMVC/MyDMV				**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			95	17	1,615	-	-
Analysis			95	17	1,615	-	-
Design			95	17	1,615	-	-
Development			95	168	15,960	-	-
Test			95	50	4,750	-	-
Implementation			95	7	665	-	-
Project Management			95	22.08	2,098	-	-
On-going support			95		-	-	-
Section Total IT Consultants:			95	298.08	28,318	-	-

Other Costs:		Cost Per	Number	$	$	$
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
Section Total Other Costs:				-	-	-
Section Total Expenditures:				28,318	-	-
General Revenue				28,318		-

The department also provided the following comments:

Section 5 (1)

For purpose of this fiscal note the Department assumes that it will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated this initiative petition should have no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition should not have a fiscal impact to their department/Missouri Highways and Transportation Commission. The reporting of a list of citizens for voting is not eligible to be paid for with State Revenue Derived from Highway Users (SRHU), and further, Article IV, Section 30(b), Missouri Constitution limits the Department of Revenue (DOR) to its actual costs to collect SRHU and caps the amount of SRHU that DOR may receive to no more than 3% of the proceeds of SRHU collected.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5, 7, and 22 and adopting two new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration. The Department of Revenue shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop a new interface, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is

estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated they could have a fiscal impact if they were interpreted to be at state agency and had to provide a list; however, their office currently does not retain or collect any of the voter information referenced in the provisions found in Section 5., paragraph 2, subsection (2), and therefore based on the information and data they currently maintain, they would have no fiscal impact.

Officials from **Greene County** indicated the following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **20.9%** of the population is under **18** years old, which accounts for **60,957** residents. They have on average **190,000** registered voters, of which about **30,000 (16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
AP = Annual Pay

291,923 R's – 60,957 R's under **18 yrs = 230,966 R's 18 yrs** or older

230,966 R's 18 yrs or older – **190,000 RV's = 40,966 PV's**

40,966 PV's x .50 MC = $20,483

40,966 PV x 1.06 CPC2P = $43,423.96

If they have approximately **40,966 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$20,483 MC**. How will that cost be delineated in subsequent mailings is very hard to

predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$43,423.96** to the cost when it is multiplied by the estimated **40,966** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost will be **$24,689.60** per hire for their annual pay. The total annual cost for two fulltime hires will be **$49,379.20.**

40,966 PV's x .50 MC	**= $20,483**
40,966 PV's x 1.06 CPC2P	**= $43,423.96**
2 FTH x $24,689.60 AP	**= $49,379.20**
Total:	**= $113,286.16**

The total estimated initial cost for Greene County for **IP 20-132** proposing to amend Article VIII, version 4, will cost Greene County **$113,286.16** with a minimum ongoing cost of **$49,379.20** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from **St. Louis County** indicated they do not foresee a substantial fiscal impact on the operations of St. Louis County Government.

Officials from the **City of Kansas City** indicated this amendment would have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated with regards to petitions 20-129 through 20-139, which all appear to pertain to the establishment of an automatic voter registration process; admittedly they did not read each of these word for word, however the two they did read (20-129 and 20-138) did not appear to have any specific fiscal impact unique to their school district other than the cost this process may have to the state's general revenue. In which case there will be slightly less money available for all other state funded services, including their school.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $30,000 per County-wide election, with an additional $9,000 annual cost. The additional absentee costs in the amendment would cost $30,000. They pay a vendor to print and mail their absentee ballots, so the no-excuse absentee portion of the petition would include additional absentee costs for printing and mailing. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Kansas City Election Board** indicated additional costs of $80,000 per year and $30,500 per election for this initiative petition. The spreadsheet on the next page shows the anticipated costs for all 11 versions of this fiscal note. This estimate was based on one election per year, would range from $110,500 to $123,500 depending on the services provided. Two additional staff would need to be hired to process the additional affidavits for $80,000, including benefits, (fixed expenses). There would variable costs for each election for postage, printing, staff overtime, temporary expense, election services fee of 5% and other miscellaneous expenses ranging from $30,500 to $43,500.

Kansas City Election Board Fiscal Notes 11/15/2019	Two Voter Services Employees w/ Benefits	Postage	Supplies & Printing	Overtime	Temporaries	Parking & Other Services	Election Services Fee	Total	DMV	Early Absentee	Risk-Limit Auditing	Sat & Sun Extended Hours	Secret Ballot
Fiscal Notice 20-129	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-130	$80,000	$7,500	$5,000	$7,500	$7,500	$6,000	$5,000	$118,500	x	x	x	x	
Fiscal Notice 20-131	$80,000	$7,500	$5,000	$7,500	$7,500	$6,000	$5,000	$118,500	x	x	x	x	
Fiscal Notice 20-132	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-133	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-134	$80,000	$7,500	$7,500	$7,500	$10,000	$6,000	$5,000	$123,500	x	x	x	x	x
Fiscal Notice 20-135	$80,000	$7,500	$7,500	$7,500	$10,000	$6,000	$5,000	$123,500	x	x	x	x	x
Fiscal Notice 20-136	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-137	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-138	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-139	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		

Officials from the **Platte County Election Board** indicated they anticipate no fiscal impact.

Officials from the **State Auditor's office** indicated this initiative petition proposal should have no fiscal impact on their office and any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
15 November 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for Ballot Initiatives in 11 Variations 20-129 through 20-139

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of petition-based ballot initiatives to amend the Missouri Constitution in 11 variations: 20-129 through 20-139.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We analyzed the fiscal note for petition 20-072, on which these petitions are based. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. Finally, we considered reports provided by counties and states like California, Colorado, Michigan, and North Carolina that recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of *$0 to the State of Missouri.***

   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018; see also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[1], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). In the fiscal note for a similar version of this petition (20-072), the State Auditor predicted a similar figure for modernizing the Missouri Centralized Voter Registration ($1,000,000) with modest figures for programming software updates ($34,072).

   As we emphasized in our earlier letter to your office, however, Missouri has *no reason to rely solely on its own resources* for modernizing its election technologies. In 2018, Missouri received *$7,230,625* for these express purposes from the Federal Government.[2] Moreover, the 5% matching funds required of the State have already been provided, according to the Federal Financial Report, so it is also not necessary to budget an additional sum of approximately $50-60,000 for those matching funds. According to the U. S. Election Assistance Commission, states may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (see #2 below). In the *Missouri 2018 HAVA Program and Budget Narrative* submitted to the U. S. Election Assistance Commission in July 2018, Secretary of State John Ashcroft specifically mentions that his office plans to use these Federal resources to "modernize" the MCVR and upgrade both physical and electronic security, among other things.

1 According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

2 According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. According to the report from 2018, Missouri has currently spent $224,922 of $7,230,625 requested, leaving a balance of *$7,037,285* including interest. Missouri has until March 22, 2023 to spend these funds.

In other words, these expenses are already accounted for. To be sure, new needs may arise in the course of making these improvements, but they are unknown. The most accurate estimate for new infrastructural costs *due to the petition would therefore be "$0 to unknown".*

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**

   The Federal grants (listed above) that cover upgrading our technology for cybersecurity etc.[3] could also be used to cover infrastructural improvements for risk-limiting audits. These Federal grants have already been received and State matching funds have already been apportioned for those purposes.

   Long-term, there may be ongoing costs or even net savings; but it is impossible to estimate them without knowing which specific kind of risk-limiting audits and what kinds of cybersecurity technologies will be implemented. *It makes the most sense to list them as "$0 to unknown."*

3. **There will be no ($0) up-front costs for "opt-out" mailings for automatic voter registration because the petitions no longer mandate an initial mailing to all non-registered voters.**

   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for an initial set of "opt-out" mailings based on the number of eligible non-registered voters in government records.[4] In the fiscal note for petition 20-072, the Secretary of State estimated that there are 743,280 eligible non-registered voters who could be contacted at a total expense statewide for local election officials of as much as or more than $702,222. Yet this estimate of eligible voters is probably two times too high;[5] and the current petitions 20-129 through -139 no longer mandate an initial mailing to allow all those non-registered voters to "opt-out" of voter registration beginning in 2021. These expenses should therefore be *removed entirely from the fiscal cost analysis ($0)* and no other new expenses should be added.

3 *Ibid.*

4 The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing, as per the Secretary of State, $668,952 + $33,270 = $702,222. Yet data from the United States Election Project suggests that this population estimate is two times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

5 *Ibid.*

[**Clarification**: The new batch of petitions specifically stipulate in Section 5.2(5): "In no case shall any agency or the Secretary of State be required to provide lists of eligible voters who did not conduct a transaction with said agency or Secretary of State in the week prior to the production of the list." The former petitions mandated the creation of lists of *all potential* voters who are currently not registered. They would have required a large single mailing at the first implementation of these new procedures. The current petitions refer simply to lists of *new* voters identified each week through regular automatic voter registration procedures, for instance, when eligible voters seek to renew a license at the Department of Motor Vehicles.]

4. The long-term cost of automatic voter registration is "unknown."

Fiscal notes for prior legislation offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[6] In the fiscal note for a similar version of this petition (20-072), only St. Louis County listed ongoing costs of automatic voter registration at $9,000 for printing and mailing costs.

[**Clarification**: The Secretary of State overestimates the number of non-registered eligible voters who would ultimately be registered through the automatic voter registration process. We know, for instance, that many voters self-register or are registered in voter registration drives by non-profit organizations. Moreover, this figure fails to consider opportunities to economize the voter registration process that typically come with automatic voter registration (see below). The Secretary of State draws a similar conclusion about ongoing costs in his comment for petition 20-072: "The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases."]

No additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont. Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[7] In various states, however, automatic voter registration has

6 For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

7 Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reduced other costs, for instance, by reducing the number of provisional ballots.[8] Arguably large cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[9] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. We therefore urge the State Auditor to describe these costs as *"$0 to unknown."*

5. Moving the final registration date to fifteen days before election day will cost $0.

There are still no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). In the fiscal note for petition (20-072), only Greene County mentions any additional costs whatsoever for moving back the last possible registration date, claiming that it requires the hiring of 2.5 additional employees at $49,379.20 annually; but they justify these hires also on the basis of higher costs for administering absentee mailing and risk-limited auditing post-election. Most other counties do not report any need for additional expenditures.

This conclusion is demonstrated by comparative evidence from other states who have implemented *same-day* registration: they either report *no* increase in long-term cost for new technology and staff, or report a reallocation of existing resources to absorb those expenses.[10] In 2012, California approved Conditional Voter

8 National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

9 In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

10 According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration.

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to *same-day* registration.[11] The policy proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[12]

It is therefore reasonable to assume that *no additional expenses ($0) would be incurred.*

6. The cost to allow all eligible voters to vote "without excuse" by absentee ballot is "unknown" if not $0.

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[13] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies.

Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. In the

Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

11 The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

12 The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

13 Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Barry Burden and Charles Stewart, *The Measure of American Elections* (Cambridge, 2014), p. 118.

fiscal note for 20-072, Greene County includes the expense of absentee ballots (along with other things) at $49,379.20 annually; but the much larger St. Louis County set this figure at $30,000; and Platt County at $3,000. The reason: costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to absentee voting before the necessary infrastructure has been created.

But it is far more likely that there will be a more gradual adjustment period because state- and even county-specific voting cultures are often strong predictors of future behavior, which suggests that there will be some inertia when it comes to voting practices.[14] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[15] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[16] It thus seems reasonable to assume, given the fact that absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[17]

Moreover, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[18] St. Louis County is anticipating that this reduction in costs from fewer polling locations on election day will offset some of the new costs.

14 Burden and Stewart, *Measure*.

15 Madera County, CA, Election Administration Plan 2018.

16 As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

17 See for instance Sawyer, *Early Voting*.

18 In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

Given the wide variation in reporting from counties, the likelihood of short-term cost fluctuations, as well as the likelihood of long-term savings, all of an indeterminate quantity, it makes the most sense to describe the fiscal impact *as "$0 to unknown."*

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[19] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[20] For both practical and financial reasons, we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[21] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[22] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for

19 For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

20 For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

21 Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

22 For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days before election day for a total of $41,856, which is a reduction in cost. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

transportation and rental space), as has happened in other states.[23] It also reduces the number of provisional ballots.[24]

If at all, the 102 rural counties in Missouri with fewer than 50,000 voters would incur costs only for overtime for its staff on the Saturday and Sunday before election day. In the fiscal note for petition 20-072, the Secretary of State anticipated that these additional weekend hours would require 348 judge-days statewide (two judges for 1.5 days in all 116 jurisdictions) for $375 per jurisdiction or $43,500 per election.

> [**Clarification**: Petitions 20-129, 132-133, and 136-139 do not mandate weekend hours, which should exclude these figures from the fiscal cost analysis.

Overall, early voting has been proven in other states to *drastically reduce* costs in the long-term and/or allowed for the reallocation of scarce resources.[25] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[26] Doing so may require some trial and error, as other states have experienced.[27]

23 Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

24 Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

25 Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

26 For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1262 registered voters per 8-hour day or 158 per hour in an early voting period of 42 days if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 631 per day and 79 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 258 registered voters per day or 33 per hour in a single voting center without having to open a second center.

27 Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[**Clarification**: In the case of Petitions 20-130-131 and 134-135 which mandate weekend hours before election day, local election officers could easily reallocate existing staff to cover those hours.[28]]

Given the flexibility in the legislation to adapt to local conditions, the fiscal impact cannot be precisely measured. It should be stated as *"$0 to unknown."*

These points, especially when taken together, indicate that there is a strong likelihood of new short-term expenses resulting from these petitions along with significant opportunities for long-term cost savings. This variation makes it impossible to estimate the net fiscal impact of this multifaceted legislation.[29] We therefore advise the State Auditor to summarize the potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

28 For instance, local election officials could ensure that there are two staff members available on the Saturday and Sunday of the weekend before election day either by creating a 46 minute daily reduction in a single staff member's daily schedule for the 42 days of early voting or offering two days day off during the week for two staff members during a period of low voter activity. Some local election officers already engage in such practices.

29 The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and *overall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from the **Department of Higher Education and Workforce Development, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $746,000 in one-time costs, $138,000 in annual costs, and $61,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 6, 2019

RECEIVED
NOV 0 6 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, version 3 (2020-131)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on November 6, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 NOV -6 AM 8:41
SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Affiant (Person obtaining signatures)

Printed Name of Affiant

Street Address of Affiant

City, State and Zip Code of Affiant

Signature of Notary

Address of Notary

(Seal)

20-131

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5, 7, and 22, and adopting two new sections to be known as Article VIII, Sections 24 and 25.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5, 7, and 22, and adopting two new sections to be known as Article VIII, Sections 24 and 25 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, all eligible citizens are registered to vote. Only American citizens who are residents of Missouri and meet all other legal criteria established under general election law shall be allowed to register to vote or to vote.

2. The secretary of state shall establish a process to automatically register to vote all eligible citizens subject to the following provisions.

(1) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(2) The secretary of state may also request lists of eligible citizens from additional state agencies including any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction, any agency that has records of eligible citizens who would not otherwise be registered to vote, and any agency that is required to offer voter registration services under any other provision of law including but not limited to Section 7 of the National Voter Registration Act as amended. Such lists shall be provided on at least a weekly basis as eligible citizens conduct transactions with the agencies from which the lists are requested.

(3) Based on the lists received under this subsection, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(4) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, voter has not declined registration by the method provided, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(5) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration if the record of such individual is

transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

(6) In no case shall any agency or the secretary of state be required to provide lists of eligible voters who did not conduct a transaction with said agency or secretary of state in the week prior to the production of the list.

3. Methods of voter registration other than those provided for in section 2 of this section may be provided for by law. Nothing in this section shall invalidate methods of voter registration that existed prior to its adoption.

4. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

5. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election.

(2) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (1).

Section 22. If any portion, clause, or phrase of this Article [Amendment] is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. In order to prevent voter fraud and election tampering, the secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-131)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received November 6, 2019)

Date

November 26, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may be required to request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated a total estimated net effect on all state funds of $0 for fiscal year 2020, $0 for fiscal year 2021, and $0 for fiscal year 2022.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated they assume this will have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have a fiscal impact on their department. It would cause increased operating costs in the General Revenue Fund of $40,034 for fiscal year (FY) 2021 for salary costs and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

OA-ITSD cost estimate equals 298.08 hours x $75 = $28,318

ITSD - DOR							
Bill Number	IP 20-131	FN #	IP 20-131				
Bill Section(s)	5.2						
Application Name:	DMVC/MyDMV				**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			95	17	1,615	-	-
Analysis			95	17	1,615	-	-
Design			95	17	1,615	-	-
Development			95	168	15,960	-	-
Test			95	50	4,750	-	-
Implementation			95	7	665	-	-
Project Management			95	22.08	2,098	-	-
On-going support			95		-	-	-
Section Total IT Consultants:			95	298.08	28,318	-	-
Other Costs:			**Cost Per**	**Number**	**$**	**$**	**$**
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-

		-	-	-	-	-
Section Total Other Costs:				-	-	-
Section Total Expenditures:				28,318	-	-
General Revenue				28,318		-
Federal					-	-
Other						
Section Funding:				28,318	-	-
Should be $0				0	-	-

2. Does this proposal duplicate any other program?
No
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)
This bill impacts the Online Address Change website to collect change of addresses by citizens
8b. Explantion of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.
Language in the IP is already being implemented in a rewrite of the online address change website process

Section 5 (1)

The proposed language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the state of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes it will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend or discontinue current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

Administrative Impact

To implement provisions of Section 5 (1) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021
Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021
Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager -	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,715.60

OA-ITSD Impact

ITSD - DOR							
Bill Number	IP 20-131	FN #	IP 20-131				
Bill Section(s)	5.2						
Application Name:	DMVC/MyDMV				**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			95	17	1,615	-	-
Analysis			95	17	1,615	-	-
Design			95	17	1,615	-	-
Development			95	168	15,960	-	-
Test			95	50	4,750	-	-
Implementation			95	7	665	-	-
Project Management			95	22.08	2,098	-	-
On-going support			95		-	-	-
Section Total IT Consultants:			95	298.08	28,318	-	-

Other Costs:		Cost Per	Number	$	$	$
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
Section Total Other Costs:				-	-	-
Section Total Expenditures:				28,318	-	-
General Revenue				28,318		-

The department also provided the following comments:

Section 5 (1)
For purpose of this fiscal note the Department assumes that it will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated this initiative petition should have no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition should not have a fiscal impact to their department/Missouri Highways and Transportation Commission. The reporting of a list of citizens for voting is not eligible to be paid for with State Revenue Derived from Highway Users (SRHU), and further, Article IV, Section 30(b), Missouri Constitution limits the Department of Revenue (DOR) to its actual costs to collect SRHU and caps the amount of SRHU that DOR may receive to no more than 3% of the proceeds of SRHU collected.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5, 7, and 22 and adopting two new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop a new interface, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is

estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

Additionally, this petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated they could have a fiscal impact if they were interpreted to be at state agency and had to provide a list; however, their office currently does not retain or collect any of the information referenced in the provisions found in Section 5., paragraph 2, subsection (2), and therefore based on the information and data they currently maintain, they would have no fiscal impact.

Officials from **Greene County** indicated the following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **20.9%** of the population is under **18** years old, which accounts for **60,957** residents. They have on average **190,000** registered voters, of which about **30,000 (16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
AP = Annual Pay

291,923 R's – 60,957 R's under **18 yrs = 230,966 R's 18 yrs** or older

230,966 R's 18 yrs or older – **190,000 RV's = 40,966 PV's**

40,966 PV's x .50 MC = $20,483

40,966 PV x 1.06 CPC2P = $43,423.96

If they have approximately **40,966 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$20,483 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$43,423.96** to the cost when it is multiplied by the estimated **40,966** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost will be **$24,689.60** per hire for their annual pay. The total annual cost for two fulltime hires will be **$49,379.20.**

40,966 PV's x .50 MC	**= $20,483**
40,966 PV's x 1.06 CPC2P	**= $43,423.96**
2 FTH x $24,689.60 AP	**= $49,379.20**
Total:	**= $113,286.16**

The total estimated initial cost for Greene County for **IP 20-131** proposing to amend Article VIII, version 3, will cost Greene County **$113,286.16** with a minimum ongoing cost of **$49,379.20** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from **St. Louis County** indicated they do not foresee a substantial fiscal impact on the operations of St. Louis County Government.

Officials from the **City of Kansas City** indicated this amendment would have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated with regards to petitions 20-129 through 20-139, which all appear to pertain to the establishment of an automatic voter registration process; admittedly they did not read each of these word for word, however the two they did read (20-129 and 20-138) did not appear to have any specific fiscal impact unique to their school district other than the cost this process may have to the state's general revenue. In which case there will be slightly less money available for all other state funded services, including their school.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $60,000 per County-wide election, with an additional $9,000 annual cost. Having each of four satellite offices open for an additional 12 hours on the weekend, and at a rate of $5,000 per every 8 hours, this would cost $30,000. The additional absentee costs in the amendment are also estimated to be about $30,000. They pay a vendor to print and mail their absentee ballots, so the no-excuse absentee portion of the petition would include additional absentee costs for printing and mailing. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Kansas City Election Board** indicated additional costs of $80,000 per year and $38,500 per election for this initiative petition. The spreadsheet on the next page shows the anticipated costs for all 11 versions of this fiscal note. This estimate was based on one election per year, would range from $110,500 to $123,500 depending on the services provided. Two additional staff would need to be hired to process the additional affidavits for $80,000, including benefits, (fixed expenses). There would variable costs for each election for postage, printing, staff overtime, temporary expense, election services fee of 5% and other miscellaneous expenses ranging from $30,500 to $43,500.

Kansas City Election Board Fiscal Notes 11/15/2019	Two Voter Services Employees w/ Benefits	Postage	Supplies & Printing	Overtime	Temporaries	Parking & Other Services	Election Services Fee	Total	DMV	Early Absentee	Risk-Limit Auditing	Sat & Sun Extended Hours	Secret Ballot
Fiscal Notice 20-129	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-130	$80,000	$7,500	$5,000	$7,500	$7,500	$6,000	$5,000	$118,500	x	x	x	x	
Fiscal Notice 20-131	$80,000	$7,500	$5,000	$7,500	$7,500	$6,000	$5,000	$118,500	x	x	x	x	
Fiscal Notice 20-132	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-133	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-134	$80,000	$7,500	$7,500	$7,500	$10,000	$6,000	$5,000	$123,500	x	x	x	x	x
Fiscal Notice 20-135	$80,000	$7,500	$7,500	$7,500	$10,000	$6,000	$5,000	$123,500	x	x	x	x	x
Fiscal Notice 20-136	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-137	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-138	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-139	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		

Officials from the **Platte County Election Board** indicated they expect an additional cost of $2,000.00 per election.

Officials from the **State Auditor's office** indicated this initiative petition proposal should have no fiscal impact on their office and any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
15 November 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for Ballot Initiatives in 11 Variations 20-129 through 20-139

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of petition-based ballot initiatives to amend the Missouri Constitution in 11 variations: 20-129 through 20-139.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We analyzed the fiscal note for petition 20-072, on which these petitions are based. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. Finally, we considered reports provided by counties and states like California, Colorado, Michigan, and North Carolina that recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of *$0 to the State of Missouri.***

   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018; see also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[1], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). In the fiscal note for a similar version of this petition (20-072), the State Auditor predicted a similar figure for modernizing the Missouri Centralized Voter Registration ($1,000,000) with modest figures for programming software updates ($34,072).

   As we emphasized in our earlier letter to your office, however, Missouri has *no reason to rely solely on its own resources* for modernizing its election technologies. In 2018, Missouri received *$7,230,625* for these express purposes from the Federal Government.[2] Moreover, the 5% matching funds required of the State have already been provided, according to the Federal Financial Report, so it is also not necessary to budget an additional sum of approximately $50-60,000 for those matching funds. According to the U. S. Election Assistance Commission, states may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (see #2 below). In the *Missouri 2018 HAVA Program and Budget Narrative* submitted to the U. S. Election Assistance Commission in July 2018, Secretary of State John Ashcroft specifically mentions that his office plans to use these Federal resources to "modernize" the MCVR and upgrade both physical and electronic security, among other things.

1 According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

2 According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. According to the report from 2018, Missouri has currently spent $224,922 of $7,230,625 requested, leaving a balance of *$7,037,285* including interest. Missouri has until March 22, 2023 to spend these funds.

In other words, these expenses are already accounted for. To be sure, new needs may arise in the course of making these improvements, but they are unknown. The most accurate estimate for new infrastructural costs *due to the petition would therefore be "$0 to unknown".*

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**

   The Federal grants (listed above) that cover upgrading our technology for cybersecurity etc.[3] could also be used to cover infrastructural improvements for risk-limiting audits. These Federal grants have already been received and State matching funds have already been apportioned for those purposes.

   Long-term, there may be ongoing costs or even net savings; but it is impossible to estimate them without knowing which specific kind of risk-limiting audits and what kinds of cybersecurity technologies will be implemented. *It makes the most sense to list them as "$0 to unknown."*

3. **There will be no ($0) up-front costs for "opt-out" mailings for automatic voter registration because the petitions no longer mandate an initial mailing to all non-registered voters.**

   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for an initial set of "opt-out" mailings based on the number of eligible non-registered voters in government records.[4] In the fiscal note for petition 20-072, the Secretary of State estimated that there are 743,280 eligible non-registered voters who could be contacted at a total expense statewide for local election officials of as much as or more than $702,222. Yet this estimate of eligible voters is probably two times too high;[5] and the current petitions 20-129 through -139 no longer mandate an initial mailing to allow all those non-registered voters to "opt-out" of voter registration beginning in 2021. These expenses should therefore be *removed entirely from the fiscal cost analysis ($0)* and no other new expenses should be added.

3 *Ibid.*

4 The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing, as per the Secretary of State, $668,952 + $33,270 = $702,222. Yet data from the United States Election Project suggests that this population estimate is two times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

5 *Ibid.*

[**Clarification**: The new batch of petitions specifically stipulate in Section 5.2(5): "In no case shall any agency or the Secretary of State be required to provide lists of eligible voters who did not conduct a transaction with said agency or Secretary of State in the week prior to the production of the list." The former petitions mandated the creation of lists of *all potential* voters who are currently not registered. They would have required a large single mailing at the first implementation of these new procedures. The current petitions refer simply to lists of *new* voters identified each week through regular automatic voter registration procedures, for instance, when eligible voters seek to renew a license at the Department of Motor Vehicles.]

4. The long-term cost of automatic voter registration is "unknown."

Fiscal notes for prior legislation offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[6] In the fiscal note for a similar version of this petition (20-072), only St. Louis County listed ongoing costs of automatic voter registration at $9,000 for printing and mailing costs.

[**Clarification**: The Secretary of State overestimates the number of non-registered eligible voters who would ultimately be registered through the automatic voter registration process. We know, for instance, that many voters self-register or are registered in voter registration drives by non-profit organizations. Moreover, this figure fails to consider opportunities to economize the voter registration process that typically come with automatic voter registration (see below). The Secretary of State draws a similar conclusion about ongoing costs in his comment for petition 20-072: "The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases."]

No additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont. Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[7] In various states, however, automatic voter registration has

6 For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

7 Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reduced other costs, for instance, by reducing the number of provisional ballots.[8] Arguably large cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[9] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. We therefore urge the State Auditor to describe these costs as *"$0 to unknown."*

5. Moving the final registration date to fifteen days before election day will cost $0.

There are still no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). In the fiscal note for petition (20-072), only Greene County mentions any additional costs whatsoever for moving back the last possible registration date, claiming that it requires the hiring of 2.5 additional employees at $49,379.20 annually; but they justify these hires also on the basis of higher costs for administering absentee mailing and risk-limited auditing post-election. Most other counties do not report any need for additional expenditures.

This conclusion is demonstrated by comparative evidence from other states who have implemented *same-day* registration: they either report *no* increase in long-term cost for new technology and staff, or report a reallocation of existing resources to absorb those expenses.[10] In 2012, California approved Conditional Voter

8 National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

9 In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

10 According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration.

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to *same-day* registration.[11] The policy proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[12]

It is therefore reasonable to assume that *no additional expenses ($0) would be incurred.*

6. The cost to allow all eligible voters to vote "without excuse" by absentee ballot is "unknown" if not $0.

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[13] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies.

Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. In the

Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

11 The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

12 The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

13 Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Barry Burden and Charles Stewart, *The Measure of American Elections* (Cambridge, 2014), p. 118.

fiscal note for 20-072, Greene County includes the expense of absentee ballots (along with other things) at $49,379.20 annually; but the much larger St. Louis County set this figure at $30,000; and Platt County at $3,000. The reason: costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to absentee voting before the necessary infrastructure has been created.

But it is far more likely that there will be a more gradual adjustment period because state- and even county-specific voting cultures are often strong predictors of future behavior, which suggests that there will be some inertia when it comes to voting practices.[14] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[15] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[16] It thus seems reasonable to assume, given the fact that absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[17]

Moreover, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[18] St. Louis County is anticipating that this reduction in costs from fewer polling locations on election day will offset some of the new costs.

14 Burden and Stewart, *Measure*.

15 Madera County, CA, Election Administration Plan 2018.

16 As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

17 See for instance Sawyer, *Early Voting*.

18 In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

Given the wide variation in reporting from counties, the likelihood of short-term cost fluctuations, as well as the likelihood of long-term savings, all of an indeterminate quantity, it makes the most sense to describe the fiscal impact *as "$0 to unknown."*

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[19] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[20] For both practical and financial reasons, we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[21] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[22] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for

19 For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

20 For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

21 Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

22 For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days before election day for a total of $41,856, which is a reduction in cost. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

transportation and rental space), as has happened in other states.[23] It also reduces the number of provisional ballots.[24]

If at all, the 102 rural counties in Missouri with fewer than 50,000 voters would incur costs only for overtime for its staff on the Saturday and Sunday before election day. In the fiscal note for petition 20-072, the Secretary of State anticipated that these additional weekend hours would require 348 judge-days statewide (two judges for 1.5 days in all 116 jurisdictions) for $375 per jurisdiction or $43,500 per election.

> [**Clarification**: Petitions 20-129, 132-133, and 136-139 do not mandate weekend hours, which should exclude these figures from the fiscal cost analysis.

Overall, early voting has been proven in other states to *drastically reduce* costs in the long-term and/or allowed for the reallocation of scarce resources.[25] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[26] Doing so may require some trial and error, as other states have experienced.[27]

23 Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

24 Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

25 Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

26 For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1262 registered voters per 8-hour day or 158 per hour in an early voting period of 42 days if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 631 per day and 79 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 258 registered voters per day or 33 per hour in a single voting center without having to open a second center.

27 Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[**Clarification**: In the case of Petitions 20-130-131 and 134-135 which mandate weekend hours before election day, local election officers could easily reallocate existing staff to cover those hours.[28]]

Given the flexibility in the legislation to adapt to local conditions, the fiscal impact cannot be precisely measured. It should be stated as *"$0 to unknown."*

These points, especially when taken together, indicate that there is a strong likelihood of new short-term expenses resulting from these petitions along with significant opportunities for long-term cost savings. This variation makes it impossible to estimate the net fiscal impact of this multifaceted legislation.[29] We therefore advise the State Auditor to summarize the potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

28 For instance, local election officials could ensure that there are two staff members available on the Saturday and Sunday of the weekend before election day either by creating a 46 minute daily reduction in a single staff member's daily schedule for the 42 days of early voting or offering two days day off during the week for two staff members during a period of low voter activity. Some local election officers already engage in such practices.

29 The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and *overall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from the **Department of Higher Education and Workforce Development, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $746,000 in one-time costs, $138,000 in annual costs, and $144,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 6, 2019

RECEIVED
NOV 06 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, version 2 (2020-130)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on November 6, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 NOV -6 AM 8:10

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary _____

Address of Notary _____

(Seal)

20-130

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5, 7, and 22, and adopting two new sections to be known as Article VIII, Sections 24 and 25.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5, 7, and 22, and adopting two new sections to be known as Article VIII, Sections 24 and 25 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, all eligible citizens are registered to vote. Only American citizens who are residents of Missouri and meet all other legal criteria established under general election law shall be allowed to register to vote or to vote.

2. The secretary of state shall establish a process to automatically register to vote all eligible citizens subject to the following provisions.

(1) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(2) Based on the list received under this subsection, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(3) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, a voter has not declined registration by the method provided, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(4) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration if the record of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

(5) In no case shall any agency or the secretary of state be required to provide lists of eligible voters who did not conduct a transaction with said agency or secretary of state in the week prior to the production of the list.

3. Methods of voter registration other than those provided for in section 2 of this section may be provided for by law. Nothing in this section shall invalidate methods of voter registration that existed prior to its adoption.

4. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

5. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election.

(2) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection 1.

Section 22. If any portion, clause, or phrase of this Article [Amendment] is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. In order to prevent voter fraud and election tampering, the secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-130)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received November 6, 2019)

Date

November 26, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore, the City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners, the Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may be required to request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated a total estimated net effect on all state funds of $0 for fiscal year 2020, $0 for fiscal year 2021, and $0 for fiscal year 2022.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated they assume this will have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have a fiscal impact on their department. It would cause increased operating costs in the General Revenue Fund of $40,034 for fiscal year (FY) 2021 for salary costs and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

OA-ITSD cost estimate equals 298.08 hours x $75 = $28,318

ITSD - DOR							
Bill Number	IP 20-130	FN #	IP 20-130				
Bill Section(s)	5.2						
Application Name:	DMVC/MyDMV				**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			95	17	1,615	-	-
Analysis			95	17	1,615	-	-
Design			95	17	1,615	-	-
Development			95	168	15,960	-	-
Test			95	50	4,750	-	-
Implementation			95	7	665	-	-
Project Management			95	22.08	2,098	-	-
On-going support			95		-	-	-
Section Total IT Consultants:			95	298.08	28,318	-	-
Other Costs:			**Cost Per**	**Number**	**$**	**$**	**$**
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-

		-	-	-	-	-
Section Total Other Costs:				-	-	-
Section Total Expenditures:				28,318	-	-
General Revenue				28,318		-
Federal					-	-
Other						
Section Funding:				28,318	-	-
Should be $0				0	-	-

2. Does this proposal duplicate any other program?
No
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)
This bill impacts the Online Address Change website to collect change of addresses by citizens
8b. Explantion of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.
Language in the IP is already being implemented in a rewrite of the online address change website process

Section 5 (1)

The proposed language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the state of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes it will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend or discontinue current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

Administrative Impact

To implement provisions of Section 5 (1) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021
Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021
Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager -	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,715.60

OA-ITSD Impact

ITSD - DOR							
Bill Number	IP 20-130	FN #	IP 20-130				
Bill Section(s)	5.2						
Application Name:	DMVC/MyDMV				**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			95	17	1,615	-	-
Analysis			95	17	1,615	-	-
Design			95	17	1,615	-	-
Development			95	168	15,960	-	-
Test			95	50	4,750	-	-
Implementation			95	7	665	-	-
Project Management			95	22.08	2,098	-	-
On-going support			95		-	-	-
Section Total IT Consultants:			95	298.08	28,318	-	-

Other Costs:		**Cost Per**	**Number**	**$**	**$**	**$**
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
Section Total Other Costs:				-	-	-
Section Total Expenditures:				28,318	-	-
General Revenue				28,318		-

The department also provided the following comments:

Section 5 (1)
For purpose of this fiscal note the Department assumes that it will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated this initiative petition should have no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition should not have a fiscal impact to their department/Missouri Highways and Transportation Commission. The reporting of a list of citizens for voting is not eligible to be paid for with State Revenue Derived from Highway Users (SRHU), and further, Article IV, Section 30(b), Missouri Constitution limits the Department of Revenue (DOR) to its actual costs to collect SRHU and caps the amount of SRHU that DOR may receive to no more than 3% of the proceeds of SRHU collected.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5, 7, and 22 and adopting two new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration. The Department of Revenue shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop a new interface, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is

estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

Additionally, this petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated the following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **20.9%** of the population is under **18** years old, which accounts for **60,957** residents. They have on average **190,000** registered voters, of which about **30,000 (16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
AP = Annual Pay

291,923 R's – 60,957 R's under **18 yrs = 230,966 R's 18 yrs** or older

230,966 R's 18 yrs or older – **190,000 RV's = 40,966 PV's**

40,966 PV's x .50 MC = $20,483

40,966 PV x 1.06 CPC2P = $43,423.96

If they have approximately **40,966 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$20,483 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$43,423.96** to the cost when it is multiplied by the estimated **40,966** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost will be **$24,689.60** per hire for their annual pay. The total annual cost for two fulltime hires will be **$49,379.20.**

40,966 PV's x .50 MC	**= $20,483**
40,966 PV's x 1.06 CPC2P	**= $43,423.96**
2 FTH x $24,689.60 AP	**= $49,379.20**
Total:	**= $113,286.16**

The total estimated initial cost for Greene County for **IP 20-130** proposing to amend Article VIII, version 2, will cost Greene County **$113,286.16** with a minimum ongoing cost of **$49,379.20** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from **St. Louis County** indicated they do not foresee a substantial fiscal impact on the operations of St. Louis County Government.

Officials from the **City of Kansas City** indicated this amendment would have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated with regards to petitions 20-129 through 20-139, which all appear to pertain to the establishment of an automatic voter registration process; admittedly they did not read each of these word for word, however the two they did read (20-129 and 20-138) did not appear to have any specific fiscal impact unique to their school district other than the cost this process may have to the state's general revenue. In which case there will be slightly less money available for all other state funded services, including their school.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $60,000 per County-wide election, with an additional $9,000 annual cost. Having each of four satellite offices open for an additional 12 hours on the weekend, and at a rate of $5,000 per every 8 hours, this would cost $30,000. The additional absentee costs in the amendment are also estimated to be about $30,000. They pay a vendor to print and mail their absentee ballots, so the no-excuse absentee portion of the petition would include additional absentee costs for printing and mailing. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Kansas City Election Board** indicated additional costs of $80,000 per year and $38,500 per election for this initiative petition. The spreadsheet on the next page shows the anticipated costs for all 11 versions of this fiscal note. This estimate was based on one election per year, would range from $110,500 to $123,500 depending on the services provided. Two additional staff would need to be hired to process the additional affidavits for $80,000, including benefits, (fixed expenses). There would variable costs for each election for postage, printing, staff overtime, temporary expense, election services fee of 5% and other miscellaneous expenses ranging from $30,500 to $43,500.

Kansas City Election Board Fiscal Notes 11/15/2019	Two Voter Services Employees w/ Benefits	Postage	Supplies & Printing	Overtime	Temporaries	Parking & Other Services	Election Services Fee	Total	DMV	Early Absentee	Risk-Limit Auditing	Sat & Sun Extended Hours	Secret Ballot
Fiscal Notice 20-129	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-130	$80,000	$7,500	$5,000	$7,500	$7,500	$6,000	$5,000	$118,500	x	x	x	x	
Fiscal Notice 20-131	$80,000	$7,500	$5,000	$7,500	$7,500	$6,000	$5,000	$118,500	x	x	x	x	
Fiscal Notice 20-132	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-133	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-134	$80,000	$7,500	$7,500	$7,500	$10,000	$6,000	$5,000	$123,500	x	x	x	x	x
Fiscal Notice 20-135	$80,000	$7,500	$7,500	$7,500	$10,000	$6,000	$5,000	$123,500	x	x	x	x	x
Fiscal Notice 20-136	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-137	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-138	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-139	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		

Officials from the **Platte County Election Board** indicated they anticipate additional costs of $2,000.00 per election.

Officials from the **State Auditor's office** indicated this initiative petition proposal should have no fiscal impact on their office and any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
15 November 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for Ballot Initiatives in 11 Variations 20-129 through 20-139

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of petition-based ballot initiatives to amend the Missouri Constitution in 11 variations: 20-129 through 20-139.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We analyzed the fiscal note for petition 20-072, on which these petitions are based. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. Finally, we considered reports provided by counties and states like California, Colorado, Michigan, and North Carolina that recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of *$0 to the State of Missouri.***

   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018; see also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[1], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). In the fiscal note for a similar version of this petition (20-072), the State Auditor predicted a similar figure for modernizing the Missouri Centralized Voter Registration ($1,000,000) with modest figures for programming software updates ($34,072).

   As we emphasized in our earlier letter to your office, however, Missouri has *no reason to rely solely on its own resources* for modernizing its election technologies. In 2018, Missouri received *$7,230,625* for these express purposes from the Federal Government.[2] Moreover, the 5% matching funds required of the State have already been provided, according to the Federal Financial Report, so it is also not necessary to budget an additional sum of approximately $50-60,000 for those matching funds. According to the U. S. Election Assistance Commission, states may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (see #2 below). In the *Missouri 2018 HAVA Program and Budget Narrative* submitted to the U. S. Election Assistance Commission in July 2018, Secretary of State John Ashcroft specifically mentions that his office plans to use these Federal resources to "modernize" the MCVR and upgrade both physical and electronic security, among other things.

1 According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

2 According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. According to the report from 2018, Missouri has currently spent $224,922 of $7,230,625 requested, leaving a balance of *$7,037,285* including interest. Missouri has until March 22, 2023 to spend these funds.

In other words, these expenses are already accounted for. To be sure, new needs may arise in the course of making these improvements, but they are unknown. The most accurate estimate for new infrastructural costs *due to the petition would therefore be "$0 to unknown".*

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**

   The Federal grants (listed above) that cover upgrading our technology for cybersecurity etc.[3] could also be used to cover infrastructural improvements for risk-limiting audits. These Federal grants have already been received and State matching funds have already been apportioned for those purposes.

   Long-term, there may be ongoing costs or even net savings; but it is impossible to estimate them without knowing which specific kind of risk-limiting audits and what kinds of cybersecurity technologies will be implemented. *It makes the most sense to list them as "$0 to unknown."*

3. **There will be no ($0) up-front costs for "opt-out" mailings for automatic voter registration because the petitions no longer mandate an initial mailing to all non-registered voters.**

   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for an initial set of "opt-out" mailings based on the number of eligible non-registered voters in government records.[4] In the fiscal note for petition 20-072, the Secretary of State estimated that there are 743,280 eligible non-registered voters who could be contacted at a total expense statewide for local election officials of as much as or more than $702,222. Yet this estimate of eligible voters is probably two times too high;[5] and the current petitions 20-129 through -139 no longer mandate an initial mailing to allow all those non-registered voters to "opt-out" of voter registration beginning in 2021. These expenses should therefore be *removed entirely from the fiscal cost analysis ($0)* and no other new expenses should be added.

3 *Ibid.*

4 The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing, as per the Secretary of State, $668,952 + $33,270 = $702,222. Yet data from the United States Election Project suggests that this population estimate is two times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

5 *Ibid.*

[**Clarification**: The new batch of petitions specifically stipulate in Section 5.2(5): "In no case shall any agency or the Secretary of State be required to provide lists of eligible voters who did not conduct a transaction with said agency or Secretary of State in the week prior to the production of the list." The former petitions mandated the creation of lists of *all potential* voters who are currently not registered. They would have required a large single mailing at the first implementation of these new procedures. The current petitions refer simply to lists of *new* voters identified each week through regular automatic voter registration procedures, for instance, when eligible voters seek to renew a license at the Department of Motor Vehicles.]

4. The long-term cost of automatic voter registration is "unknown."

Fiscal notes for prior legislation offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[6] In the fiscal note for a similar version of this petition (20-072), only St. Louis County listed ongoing costs of automatic voter registration at $9,000 for printing and mailing costs.

[**Clarification**: The Secretary of State overestimates the number of non-registered eligible voters who would ultimately be registered through the automatic voter registration process. We know, for instance, that many voters self-register or are registered in voter registration drives by non-profit organizations. Moreover, this figure fails to consider opportunities to economize the voter registration process that typically come with automatic voter registration (see below). The Secretary of State draws a similar conclusion about ongoing costs in his comment for petition 20-072: "The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases."]

No additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont. Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[7] In various states, however, automatic voter registration has

6 For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29. Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

7 Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reduced other costs, for instance, by reducing the number of provisional ballots.[8] Arguably large cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[9] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. We therefore urge the State Auditor to describe these costs as *"$0 to unknown."*

5. Moving the final registration date to fifteen days before election day will cost $0.

There are still no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). In the fiscal note for petition (20-072), only Greene County mentions any additional costs whatsoever for moving back the last possible registration date, claiming that it requires the hiring of 2.5 additional employees at $49,379.20 annually; but they justify these hires also on the basis of higher costs for administering absentee mailing and risk-limited auditing post-election. Most other counties do not report any need for additional expenditures.

This conclusion is demonstrated by comparative evidence from other states who have implemented *same-day* registration: they either report *no* increase in long-term cost for new technology and staff, or report a reallocation of existing resources to absorb those expenses.[10] In 2012, California approved Conditional Voter

8 National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

9 In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

10 According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration.

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to *same-day* registration.[11] The policy proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[12]

It is therefore reasonable to assume that *no additional expenses ($0) would be incurred.*

6. The cost to allow all eligible voters to vote "without excuse" by absentee ballot is "unknown" if not $0.

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[13] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies.

Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. In the

Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

11 The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

12 The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

13 Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Barry Burden and Charles Stewart, *The Measure of American Elections* (Cambridge, 2014), p. 118.

fiscal note for 20-072, Greene County includes the expense of absentee ballots (along with other things) at $49,379.20 annually; but the much larger St. Louis County set this figure at $30,000; and Platt County at $3,000. The reason: costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to absentee voting before the necessary infrastructure has been created.

But it is far more likely that there will be a more gradual adjustment period because state- and even county-specific voting cultures are often strong predictors of future behavior, which suggests that there will be some inertia when it comes to voting practices.[14] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[15] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[16] It thus seems reasonable to assume, given the fact that absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[17]

Moreover, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[18] St. Louis County is anticipating that this reduction in costs from fewer polling locations on election day will offset some of the new costs.

14 Burden and Stewart, *Measure*.

15 Madera County, CA, Election Administration Plan 2018.

16 As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

17 See for instance Sawyer, *Early Voting*.

18 In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

Given the wide variation in reporting from counties, the likelihood of short-term cost fluctuations, as well as the likelihood of long-term savings, all of an indeterminate quantity, it makes the most sense to describe the fiscal impact *as "$0 to unknown."*

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[19] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[20] For both practical and financial reasons, we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[21] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[22] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for

19 For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

20 For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

21 Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

22 For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days before election day for a total of $41,856, which is a reduction in cost. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

transportation and rental space), as has happened in other states.[23] It also reduces the number of provisional ballots.[24]

If at all, the 102 rural counties in Missouri with fewer than 50,000 voters would incur costs only for overtime for its staff on the Saturday and Sunday before election day. In the fiscal note for petition 20-072, the Secretary of State anticipated that these additional weekend hours would require 348 judge-days statewide (two judges for 1.5 days in all 116 jurisdictions) for $375 per jurisdiction or $43,500 per election.

> [**Clarification**: Petitions 20-129, 132-133, and 136-139 do not mandate weekend hours, which should exclude these figures from the fiscal cost analysis.

Overall, early voting has been proven in other states to *drastically reduce* costs in the long-term and/or allowed for the reallocation of scarce resources.[25] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[26] Doing so may require some trial and error, as other states have experienced.[27]

23 Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

24 Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

25 Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

26 For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1262 registered voters per 8-hour day or 158 per hour in an early voting period of 42 days if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 631 per day and 79 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 258 registered voters per day or 33 per hour in a single voting center without having to open a second center.

27 Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[**Clarification**: In the case of Petitions 20-130-131 and 134-135 which mandate weekend hours before election day, local election officers could easily reallocate existing staff to cover those hours.[28]]

Given the flexibility in the legislation to adapt to local conditions, the fiscal impact cannot be precisely measured. It should be stated as *"$0 to unknown."*

These points, especially when taken together, indicate that there is a strong likelihood of new short-term expenses resulting from these petitions along with significant opportunities for long-term cost savings. This variation makes it impossible to estimate the net fiscal impact of this multifaceted legislation.[29] We therefore advise the State Auditor to summarize the potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

28 For instance, local election officials could ensure that there are two staff members available on the Saturday and Sunday of the weekend before election day either by creating a 46 minute daily reduction in a single staff member's daily schedule for the 42 days of early voting or offering two days day off during the week for two staff members during a period of low voter activity. Some local election officers already engage in such practices.

29 The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and *overall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from the **Department of Higher Education and Workforce Development, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $746,000 in one-time costs, $138,000 in annual costs, and $144,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 6, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
NOV 06 2019
STATE AUDITORS OFFICE

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, version 1 (2020-129)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on November 6, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2020 NOV -6 AM 9:09
SECRETARY OF STATE

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Signature of Notary _____

Address of Notary _____

(Seal)

20-129

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5, 7, and 22, and adopting two new sections to be known as Article VIII, Sections 24 and 25.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5, 7, and 22, and adopting two new sections to be known as Article VIII, Sections 24 and 25 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, all eligible citizens are registered to vote. Only American citizens who are residents of Missouri and meet all other legal criteria established under general election law shall be allowed to register to vote or to vote.

2. The secretary of state shall establish a process to automatically register to vote all eligible citizens subject to the following provisions.

(1) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(2) Based on the list received from the department of revenue under this subsection, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(3) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, a voter has not declined registration by the method provided, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(4) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration if the record of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

(5) In no case shall any agency or the secretary of state be required to provide lists of eligible voters who did not conduct a transaction with said agency or secretary of state in the week prior to the production of the list.

3. Methods of voter registration other than those provided for in section 2 of this section may be provided for by law. Nothing in this section shall invalidate methods of voter registration that existed prior to its adoption.

4. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

5. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours.

(2) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (1).

Section 22. If any portion, clause, or phrase of this Article [Amendment] is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. In order to prevent voter fraud and election tampering, the secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-129)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received November 6, 2019)

Date

November 26, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may be required to request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated a total estimated net effect on all state funds of $0 for fiscal year 2020, $0 for fiscal year 2021, and $0 for fiscal year 2022.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated they assume this will have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have a fiscal impact on their department. It would cause increased operating costs in the General Revenue Fund of $40,034 for fiscal year (FY) 2021 for salary costs and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

OA-ITSD cost estimate equals 298.08 hours x $75 = $28,318

ITSD - DOR							
Bill Number	IP 20-129	FN #	IP 20-129				
Bill Section(s)	5.2						
Application Name:	DMVC/MyDMV				**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			95	17	1,615	-	-
Analysis			95	17	1,615	-	-
Design			95	17	1,615	-	-
Development			95	168	15,960	-	-
Test			95	50	4,750	-	-
Implementation			95	7	665	-	-
Project Management			95	22.08	2,098	-	-
On-going support			95		-	-	-
Section Total IT Consultants:			95	298.08	28,318	-	-
Other Costs:			**Cost Per**	**Number**	**$**	**$**	**$**
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-

		-	-	-	-	-
Section Total Other Costs:				-	-	-
Section Total Expenditures:				28,318	-	-
General Revenue				28,318		-
Federal					-	-
Other						
Section Funding:				28,318	-	-
Should be $0				0	-	-

2. Does this proposal duplicate any other program?
No
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)
This bill impacts the Online Address Change website to collect change of addresses by citizens
8b. Explantion of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.
Language in the IP is already being implemented in a rewrite of the online address change website process

Section 5 (1)

The proposed language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the state of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes it will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend or discontinue current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

Administrative Impact

To implement provisions of Section 5 (1) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021
Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021
Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager -	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,715.60

OA-ITSD Impact

ITSD - DOR							
Bill Number	IP 20-129	FN #	IP 20-129				
Bill Section(s)	5.2						
Application Name:	DMVC/MyDMV				**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			95	17	1,615	-	-
Analysis			95	17	1,615	-	-
Design			95	17	1,615	-	-
Development			95	168	15,960	-	-
Test			95	50	4,750	-	-
Implementation			95	7	665	-	-
Project Management			95	22.08	2,098	-	-
On-going support			95		-	-	-
Section Total IT Consultants:			95	298.08	28,318	-	-

Other Costs:		**Cost Per**	**Number**	**$**	**$**	**$**
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
Section Total Other Costs:				-	-	-
Section Total Expenditures:				28,318	-	-
General Revenue				28,318		-

The department also provided the following comments:

Section 5 (1)

For purpose of this fiscal note the Department assumes that it will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated this initiative petition should have no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition should not have a fiscal impact to their department/Missouri Highways and Transportation Commission. The reporting of a list of citizens for voting is not eligible to be paid for with State Revenue Derived from Highway Users (SRHU), and further, Article IV, Section 30(b), Missouri Constitution limits the Department of Revenue (DOR) to its actual costs to collect SRHU and caps the amount of SRHU that DOR may receive to no more than 3% of the proceeds of SRHU collected.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5, 7, and 22 and adopting two new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration. The Department of Revenue shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop a new interface, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is

estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated the following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **20.9%** of the population is under **18** years old, which accounts for **60,957** residents. They have on average **190,000** registered voters, of which about **30,000 (16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
AP = Annual Pay

291,923 R's – 60,957 R's under **18 yrs = 230,966 R's 18 yrs** or older

230,966 R's 18 yrs or older – **190,000 RV's = 40,966 PV's**

40,966 PV's x .50 MC = $20,483

40,966 PV x 1.06 CPC2P = $43,423.96

If they have approximately **40,966 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$20,483 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$43,423.96** to the cost when it is multiplied by the estimated **40,966** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost will be **$24,689.60** per hire for their annual pay. The total annual cost for two fulltime hires will be **$49,379.20.**

40,966 PV's x .50 MC	**= $20,483**
40,966 PV's x 1.06 CPC2P	**= $43,423.96**
2 FTH x $24,689.60 AP	**= $49,379.20**
Total:	**= $113,286.16**

The total estimated initial cost for Greene County for **IP 20-129** proposing to amend Article VIII, version 1, will cost Greene County **$113,286.16** with a minimum ongoing cost of **$49,379.20** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from **St. Louis County** indicated they do not foresee a substantial fiscal impact on the operations of St. Louis County Government.

Officials from the **City of Kansas City** indicated this amendment would have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated with regards to petitions 20-129 through 20-139, which all appear to pertain to the establishment of an automatic voter registration process; admittedly they did not read each of these word for word, however the two they did read (20-129 and 20-138) did not appear to have any specific fiscal impact unique to their school district other than the cost this process may have to the state's general revenue. In which case there will be slightly less money available for all other state funded services, including their school.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $30,000 per County-wide election, with an additional $9,000 annual cost. The additional absentee costs in the amendment would cost $30,000. They pay a vendor to print and mail their absentee ballots, so the no-excuse

absentee portion of the petition would include additional absentee costs for printing and mailing. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Kansas City Election Board** indicated additional costs of $80,000 per year and $30,500 per election for this initiative petition. The spreadsheet on the next page shows the anticipated costs for all 11 versions of this fiscal note. This estimate was based on one election per year, would range from $110,500 to $123,500 depending on the services provided. Two additional staff would need to be hired to process the additional affidavits for $80,000, including benefits, (fixed expenses). There would variable costs for each election for postage, printing, staff overtime, temporary expense, election services fee of 5% and other miscellaneous expenses ranging from $30,500 to $43,500.

Kansas City Election Board Fiscal Notes 11/15/2019	Two Voter Services Employees w/ Benefits	Postage	Supplies & Printing	Overtime	Temporaries	Parking & Other Services	Election Services Fee	Total	DMV	Early Absentee	Risk-Limit Auditing	Sat & Sun Extended Hours	Secret Ballot
Fiscal Notice 20-129	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-130	$80,000	$7,500	$5,000	$7,500	$7,500	$6,000	$5,000	$118,500	x	x	x	x	
Fiscal Notice 20-131	$80,000	$7,500	$5,000	$7,500	$7,500	$6,000	$5,000	$118,500	x	x	x	x	
Fiscal Notice 20-132	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-133	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-134	$80,000	$7,500	$7,500	$7,500	$10,000	$6,000	$5,000	$123,500	x	x	x	x	x
Fiscal Notice 20-135	$80,000	$7,500	$7,500	$7,500	$10,000	$6,000	$5,000	$123,500	x	x	x	x	x
Fiscal Notice 20-136	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-137	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		
Fiscal Notice 20-138	$80,000	$7,500	$7,500	$5,000	$7,500	$3,000	$5,000	$115,500	x	x	x		x
Fiscal Notice 20-139	$80,000	$7,500	$5,000	$5,000	$5,000	$3,000	$5,000	$110,500	x	x	x		

Officials from the **Platte County Election Board** indicated they anticipate no fiscal impact.

Officials from the **State Auditor's office** indicated this initiative petition proposal should have no fiscal impact on their office and any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
15 November 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for Ballot Initiatives in 11 Variations 20-129 through 20-139

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of petition-based ballot initiatives to amend the Missouri Constitution in 11 variations: 20-129 through 20-139.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We analyzed the fiscal note for petition 20-072, on which these petitions are based. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. Finally, we considered reports provided by counties and states like California, Colorado, Michigan, and North Carolina that recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of *$0 to the State of Missouri.***

   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018; see also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[1], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). In the fiscal note for a similar version of this petition (20-072), the State Auditor predicted a similar figure for modernizing the Missouri Centralized Voter Registration ($1,000,000) with modest figures for programming software updates ($34,072).

   As we emphasized in our earlier letter to your office, however, Missouri has *no reason to rely solely on its own resources* for modernizing its election technologies. In 2018, Missouri received *$7,230,625* for these express purposes from the Federal Government.[2] Moreover, the 5% matching funds required of the State have already been provided, according to the Federal Financial Report, so it is also not necessary to budget an additional sum of approximately $50-60,000 for those matching funds. According to the U. S. Election Assistance Commission, states may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (see #2 below). In the *Missouri 2018 HAVA Program and Budget Narrative* submitted to the U. S. Election Assistance Commission in July 2018, Secretary of State John Ashcroft specifically mentions that his office plans to use these Federal resources to "modernize" the MCVR and upgrade both physical and electronic security, among other things.

1 According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

2 According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. According to the report from 2018, Missouri has currently spent $224,922 of $7,230,625 requested, leaving a balance of *$7,037,285* including interest. Missouri has until March 22, 2023 to spend these funds.

In other words, these expenses are already accounted for. To be sure, new needs may arise in the course of making these improvements, but they are unknown. The most accurate estimate for new infrastructural costs *due to the petition would therefore be "$0 to unknown".*

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**

   The Federal grants (listed above) that cover upgrading our technology for cybersecurity etc.[3] could also be used to cover infrastructural improvements for risk-limiting audits. These Federal grants have already been received and State matching funds have already been apportioned for those purposes.

   Long-term, there may be ongoing costs or even net savings; but it is impossible to estimate them without knowing which specific kind of risk-limiting audits and what kinds of cybersecurity technologies will be implemented. *It makes the most sense to list them as "$0 to unknown."*

3. **There will be no ($0) up-front costs for "opt-out" mailings for automatic voter registration because the petitions no longer mandate an initial mailing to all non-registered voters.**

   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for an initial set of "opt-out" mailings based on the number of eligible non-registered voters in government records.[4] In the fiscal note for petition 20-072, the Secretary of State estimated that there are 743,280 eligible non-registered voters who could be contacted at a total expense statewide for local election officials of as much as or more than $702,222. Yet this estimate of eligible voters is probably two times too high;[5] and the current petitions 20-129 through -139 no longer mandate an initial mailing to allow all those non-registered voters to "opt-out" of voter registration beginning in 2021. These expenses should therefore be *removed entirely from the fiscal cost analysis ($0)* and no other new expenses should be added.

3 *Ibid.*

4 The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing, as per the Secretary of State, $668,952 + $33,270 = $702,222. Yet data from the United States Election Project suggests that this population estimate is two times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

5 *Ibid.*

[**Clarification**: The new batch of petitions specifically stipulate in Section 5.2(5): "In no case shall any agency or the Secretary of State be required to provide lists of eligible voters who did not conduct a transaction with said agency or Secretary of State in the week prior to the production of the list." The former petitions mandated the creation of lists of *all potential* voters who are currently not registered. They would have required a large single mailing at the first implementation of these new procedures. The current petitions refer simply to lists of *new* voters identified each week through regular automatic voter registration procedures, for instance, when eligible voters seek to renew a license at the Department of Motor Vehicles.]

4. The long-term cost of automatic voter registration is "unknown."

Fiscal notes for prior legislation offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[6] In the fiscal note for a similar version of this petition (20-072), only St. Louis County listed ongoing costs of automatic voter registration at $9,000 for printing and mailing costs.

[**Clarification**: The Secretary of State overestimates the number of non-registered eligible voters who would ultimately be registered through the automatic voter registration process. We know, for instance, that many voters self-register or are registered in voter registration drives by non-profit organizations. Moreover, this figure fails to consider opportunities to economize the voter registration process that typically come with automatic voter registration (see below). The Secretary of State draws a similar conclusion about ongoing costs in his comment for petition 20-072: "The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases."]

No additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont. Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[7] In various states, however, automatic voter registration has

6 For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

7 Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reduced other costs, for instance, by reducing the number of provisional ballots.[8] Arguably large cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[9] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. We therefore urge the State Auditor to describe these costs as *"$0 to unknown."*

5. Moving the final registration date to fifteen days before election day will cost $0.

There are still no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). In the fiscal note for petition (20-072), only Greene County mentions any additional costs whatsoever for moving back the last possible registration date, claiming that it requires the hiring of 2.5 additional employees at $49,379.20 annually; but they justify these hires also on the basis of higher costs for administering absentee mailing and risk-limited auditing post-election. Most other counties do not report any need for additional expenditures.

This conclusion is demonstrated by comparative evidence from other states who have implemented *same-day* registration: they either report *no* increase in long-term cost for new technology and staff, or report a reallocation of existing resources to absorb those expenses.[10] In 2012, California approved Conditional Voter

8 National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

9 In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

10 According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration.

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to *same-day* registration.[11] The policy proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[12]

It is therefore reasonable to assume that *no additional expenses ($0) would be incurred.*

6. The cost to allow all eligible voters to vote "without excuse" by absentee ballot is "unknown" if not $0.

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[13] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies.

Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. In the

Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

11 The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

12 The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

13 Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Barry Burden and Charles Stewart, *The Measure of American Elections* (Cambridge, 2014), p. 118.

fiscal note for 20-072, Greene County includes the expense of absentee ballots (along with other things) at $49,379.20 annually; but the much larger St. Louis County set this figure at $30,000; and Platt County at $3,000. The reason: costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to absentee voting before the necessary infrastructure has been created.

But it is far more likely that there will be a more gradual adjustment period because state- and even county-specific voting cultures are often strong predictors of future behavior, which suggests that there will be some inertia when it comes to voting practices.[14] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[15] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[16] It thus seems reasonable to assume, given the fact that absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[17]

Moreover, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[18] St. Louis County is anticipating that this reduction in costs from fewer polling locations on election day will offset some of the new costs.

14 Burden and Stewart, *Measure*.

15 Madera County, CA, Election Administration Plan 2018.

16 As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

17 See for instance Sawyer, *Early Voting*.

18 In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

Given the wide variation in reporting from counties, the likelihood of short-term cost fluctuations, as well as the likelihood of long-term savings, all of an indeterminate quantity, it makes the most sense to describe the fiscal impact *as "$0 to unknown."*

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[19] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[20] For both practical and financial reasons, we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[21] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[22] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for

19 For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

20 For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

21 Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

22 For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days before election day for a total of $41,856, which is a reduction in cost. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

transportation and rental space), as has happened in other states.[23] It also reduces the number of provisional ballots.[24]

If at all, the 102 rural counties in Missouri with fewer than 50,000 voters would incur costs only for overtime for its staff on the Saturday and Sunday before election day. In the fiscal note for petition 20-072, the Secretary of State anticipated that these additional weekend hours would require 348 judge-days statewide (two judges for 1.5 days in all 116 jurisdictions) for $375 per jurisdiction or $43,500 per election.

> [**Clarification**: Petitions 20-129, 132-133, and 136-139 do not mandate weekend hours, which should exclude these figures from the fiscal cost analysis.

Overall, early voting has been proven in other states to *drastically reduce* costs in the long-term and/or allowed for the reallocation of scarce resources.[25] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[26] Doing so may require some trial and error, as other states have experienced.[27]

23 Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

24 Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

25 Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

26 For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1262 registered voters per 8-hour day or 158 per hour in an early voting period of 42 days if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 631 per day and 79 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 258 registered voters per day or 33 per hour in a single voting center without having to open a second center.

27 Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[**Clarification**: In the case of Petitions 20-130-131 and 134-135 which mandate weekend hours before election day, local election officers could easily reallocate existing staff to cover those hours.[28]]

Given the flexibility in the legislation to adapt to local conditions, the fiscal impact cannot be precisely measured. It should be stated as *"$0 to unknown."*

These points, especially when taken together, indicate that there is a strong likelihood of new short-term expenses resulting from these petitions along with significant opportunities for long-term cost savings. This variation makes it impossible to estimate the net fiscal impact of this multifaceted legislation.[29] We therefore advise the State Auditor to summarize the potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

28 For instance, local election officials could ensure that there are two staff members available on the Saturday and Sunday of the weekend before election day either by creating a 46 minute daily reduction in a single staff member's daily schedule for the 42 days of early voting or offering two days day off during the week for two staff members during a period of low voter activity. Some local election officers already engage in such practices.

29 The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and *overall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from the **Department of Higher Education and Workforce Development, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $746,000 in one-time costs, $138,000 in annual costs, and $61,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 5, 2019

RECEIVED
NOV 05 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Deirdre Hirner regarding a proposed constitutional amendment to Article XIV (2020-128)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Deirdre Hirner on November 4, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

MOB000001

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County _____

INITIATIVE PETITION

Page No. _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

	Signature	Date Signed	Registered Voting Address	Zip Code	Cong. District	Printed First and Last Name
1						
2						
3						
4						
5						
6						
7						
8						
9						
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CLERK OF STATE

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

_____ Signature of Affiant (Person obtaining signatures)

_____ Street Address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____

(Seal)

_____ Signature of Notary

_____ Address of Notary

20-128

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article XIV is amended by amending Section 1 of Article XIV and enacting one new section to be known as Section 2 of Article XIV, to read as follows:

XIV Section 1. Right to access medical marijuana. — 1. Purposes.

This section is intended to permit state-licensed physicians to recommend marijuana for medical purposes to patients with serious illnesses and medical conditions. The section allows patients with qualifying medical conditions the right to discuss freely with their physicians the possible benefits of medical marijuana use, the right of their physicians to provide professional advice concerning the same, and the right to use medical marijuana for treatment under the supervision of a physician.

This section is intended to make only those changes to Missouri laws that are necessary to protect patients, their primary caregivers, and their physicians from civil and criminal penalties, and to allow for the limited legal production, distribution, sale and purchase of marijuana for medical use. This section is not intended to change current civil and criminal laws governing the use of marijuana for nonmedical purposes. The section does not allow for the public use of marijuana and driving under the influence of marijuana.

2. Definitions.

(1) **"Administer"** means the direct application of marijuana to a qualifying patient by way of any of the following methods:

(a) Ingestion of capsules, teas, oils, and other marijuana-infused products;

(b) Vaporization or smoking of dried flowers, buds, plant material, extracts, or oils;

(c) Application of ointments or balms;

(d) Transdermal patches and suppositories;

(e) Consuming marijuana-infused food products; or

(f) Any other method recommended by a qualifying patient's physician.

(2) **"Department"** means the department of health and senior services, or its successor agency.

(3) **"Entity"** means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) **"Flowering plant"** means a marijuana plant from the time it exhibits the first signs of sexual maturity through harvest.

(5) **"Marijuana"** or **"marihuana"** means *Cannabis indica*, *Cannabis sativa*, and *Cannabis ruderalis*, hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" or "marihuana" do not include industrial hemp containing a cropwide average tetrahydrocannabinol concentration that does not exceed three-tenths of one percent on a dry weight basis, or commodities or products manufactured from industrial hemp.

(6) **"Marijuana-infused products"** means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(7) **"Medical marijuana cultivation facility"** means a facility licensed by the department to acquire, cultivate, process, store, transport, and sell marijuana to a medical marijuana dispensary facility, medical marijuana testing facility, or to a medical marijuana-infused products manufacturing facility.

(8) **"Medical marijuana dispensary facility"** means a facility licensed by the department to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and drug paraphernalia used to administer marijuana as provided for in this section to a qualifying patient, a primary caregiver, another medical marijuana dispensary facility, a medical marijuana testing facility, or a medical marijuana-infused products manufacturing facility.

(9) **"Medical marijuana-infused products manufacturing facility"** means a facility licensed by the department to acquire, store, manufacture, transport, and sell marijuana-infused products to a medical marijuana dispensary facility, a medical marijuana testing facility, or to another medical marijuana-infused products manufacturing facility.

(10) **"Medical marijuana testing facility"** means a facility certified by the department to acquire, test, certify, and transport marijuana.

(11) **"Medical use"** means the production, possession, delivery, distribution, transportation, or administration of marijuana or a marijuana-infused product, or drug paraphernalia used to administer marijuana or a marijuana-infused product, for the benefit of a qualifying patient to mitigate the symptoms or effects of the patient's qualifying medical condition.

(12) **"Physician"** means an individual who is licensed and in good standing to practice medicine or osteopathy under Missouri law.

(13) **"Physician certification"** means a document, whether handwritten, electronic or in another commonly used format, signed by a physician and stating that, in the physician's professional opinion, the patient suffers from a qualifying medical condition.

(14) **"Primary caregiver"** means an individual twenty-one years of age or older who has significant responsibility for managing the well-being of a qualifying patient and who is designated as such on the primary caregiver's application for an identification card under this section or in other written notification to the department.

(15) **"Qualifying medical condition"** means the condition of, symptoms related to, or side-effects from the treatment of:

(a) Cancer;

(b) Epilepsy;

(c) Glaucoma;

(d) Intractable migraines unresponsive to other treatment;

(e) A chronic medical condition that causes severe, persistent pain or persistent muscle spasms, including but not limited to those associated with multiple sclerosis, seizures, Parkinson's disease, and Tourette's syndrome;

(f) Debilitating psychiatric disorders, including, but not limited to, posttraumatic stress disorder, if diagnosed by a state licensed psychiatrist;

(g) Human immunodeficiency virus or acquired immune deficiency syndrome;

(h) A chronic medical condition that is normally treated with a prescription medication that could lead to physical or psychological dependence, when a physician determines that medical use of marijuana could be effective in treating that condition and would serve as a safer alternative to the prescription medication;

(i) Any terminal illness; or

(j) In the professional judgment of a physician, any other chronic, debilitating or other medical condition, including, but not limited to, hepatitis C, amyotrophic lateral sclerosis, inflammatory bowel disease, Crohn's disease, Huntington's disease, autism, neuropathies, sickle cell anemia, agitation of Alzheimer's disease, cachexia, and wasting syndrome.

(16) **"Qualifying patient"** means a Missouri resident diagnosed with at least one qualifying medical condition.

3. Creating Patient Access to Medical Marijuana.

(1) In carrying out the implementation of this section, the department shall have the authority to:

(a) Grant or refuse state licenses and certifications for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use as provided by law; suspend, fine, restrict, or revoke such licenses and certifications upon a violation of this section or a rule promulgated pursuant to this section; and impose any administrative penalty authorized by this section or any rule promulgated pursuant to this section.

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana for medical use and for the enforcement of this section so long as patient access is not restricted unreasonably and such rules are reasonably necessary for patient safety or to restrict access to only licensees and qualifying patients.

(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section;

(d) Require a seed-to-sale tracking system that tracks medical marijuana from either the seed or immature plant stage until the medical marijuana or medical marijuana-infused product is sold to a qualifying patient or primary caregiver to ensure that no medical marijuana grown by a medical marijuana cultivation facility or manufactured by a medical marijuana-infused products manufacturing facility is sold or otherwise transferred except by a medical marijuana dispensary facility. The department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees.

(e) Issue standards for the secure transportation of marijuana and marijuana-infused products. The department shall certify entities which demonstrate compliance with its transportation standards to transport marijuana and marijuana-infused products to a medical marijuana cultivation facility, a medical marijuana-infused products manufacturing facility, a medical marijuana dispensary facility, a medical marijuana testing facility, or another entity with a transportation certification. The department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity licensed or certified pursuant to this section shall be allowed to transport cannabis.

(f) The department may charge a fee not to exceed $5,000 for any certification issued pursuant to this section.

(g) Prepare and transmit annually a publicly available report accounting to the governor for the efficient discharge of all responsibilities assigned to the department under this section;

(h) Establish a system to numerically score competing medical marijuana licensee and certificate applicants, only in cases where more applicants apply than the minimum number of licenses or certificates as calculated by this section, which scoring shall be limited to an analysis of the following:

(i) the character, veracity, background, qualifications, and relevant experience of principal officers or managers;

(ii) the business plan proposed by the applicant, which in the case of cultivation facilities and dispensaries shall include the ability to maintain an adequate supply of marijuana, plans to ensure safety and security of qualifying patients and the community, procedures to be used to prevent diversion, and any plan for making marijuana available to low-income qualifying patients;

(iii) site security;

(iv) experience in a legal cannabis market;

(v) in the case of medical marijuana testing facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and/or potency and health care industry experience;

(vi) the potential for positive economic impact in the site community;

(vii) in the case of medical marijuana cultivation facilities, capacity or experience with agriculture, horticulture, and health care;

(viii) in the case of medical marijuana dispensary facilities, capacity or experience with health care, the suitability of the proposed location, and its accessibility for patients;

(ix) in the case of medical marijuana-infused products manufacturing facilities, capacity or experience with food and beverage manufacturing; and

(x) maintaining competitiveness in the marijuana for medical use marketplace.

In ranking applicants and awarding licenses and certificates, the department may consult or contract with other public agencies with relevant expertise regarding these factors. The department shall lift or ease any limit on the number of licensees or certificate holders in order to meet the demand for marijuana for medical use by qualifying patients.

(2) The department shall issue any rules or emergency rules necessary for the implementation and enforcement of this section and to ensure the right to, availability, and safe use of marijuana for medical use by qualifying patients. In developing such rules or emergency rules, the department may consult with other public agencies. In addition to any other rules or emergency rules necessary to carry out the mandates of this section, the department may issue rules or emergency rules relating to the following subjects:

(a) Compliance with, enforcement of, or violation of any provision of this section or any rule issued pursuant to this section, including procedures and grounds for denying, suspending, fining, restricting, or revoking a state license or certification issued pursuant to this section;

(b) Specifications of duties of officers and employees of the department;

(c) Instructions or guidance for local authorities and law enforcement officers;

(d) Requirements for inspections, investigations, searches, seizures, and such additional enforcement activities as may become necessary from time to time;

(e) Creation of a range of administrative penalties for use by the department;

(f) Prohibition of misrepresentation and unfair practices;

(g) Control of informational and product displays on licensed premises provided that the rules may not prevent or unreasonably restrict appropriate signs on the property of the medical marijuana dispensary facility, product display and examination by the qualifying patient and/or primary caregiver, listings in business directories including phone books, listings in marijuana-related or medical publications, or the sponsorship of health or not for profit charity or advocacy events;

(h) Development of individual identification cards for owners, officers, managers, contractors, employees, and other support staff of entities licensed or certified pursuant to this

section, including a fingerprint-based federal and state criminal record check in accordance with U.S. Public Law 92-544, or its successor provisions, as may be required by the department prior to issuing a card and procedures to ensure that cards for new applicants are issued within fourteen days. Applicants licensed pursuant to this section shall submit fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol, if necessary, shall forward the fingerprints to the Federal Bureau of Investigation (FBI) for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted pursuant to 43.543 and fees shall be paid pursuant to 43.530;

(i) Security requirements for any premises licensed or certified pursuant to this section, including, at a minimum, lighting, physical security, video, alarm requirements, and other minimum procedures for internal control as deemed necessary by the department to properly administer and enforce the provisions of this section, including reporting requirements for changes, alterations, or modifications to the premises;

(j) Regulation of the storage of, warehouses for, and transportation of marijuana for medical use;

(k) Sanitary requirements for, including, but not limited to, the preparation of medical marijuana-infused products;

(l) The specification of acceptable forms of picture identification that a medical marijuana dispensary facility may accept when verifying a sale;

(m) Labeling and packaging standards;

(n) Records to be kept by licensees and the required availability of the records;

(o) State licensing procedures, including procedures for renewals, reinstatements, initial licenses, and the payment of licensing fees;

(p) The reporting and transmittal of tax payments;

(q) Authorization for the department of revenue to have access to licensing information to ensure tax payment and the effective administration of this section; and

(r) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(3) The department shall issue rules or emergency rules for a medical marijuana and medical marijuana-infused products independent testing and certification program for medical marijuana licensees and requiring licensees to test medical marijuana using one or more impartial, independent laboratories to ensure, at a minimum, that products sold for human consumption do not contain contaminants that are injurious to health, to ensure correct labeling and measure potency. The department shall not require any medical marijuana or medical marijuana-infused products to be tested more than once prior to sale.

(4) The department shall issue rules or emergency rules to provide for the certification of and standards for medical marijuana testing facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The department shall certify, if possible, at least two entities as medical marijuana testing facilities. No medical marijuana testing facility shall be owned by an entity under substantially common control, ownership, or management as a medical marijuana cultivation facility, medical marijuana-infused product manufacturing facility, or medical marijuana dispensary facility.

(5) [The department shall maintain the confidentiality of reports or other information obtained from an applicant or licensee containing any individualized data, information, or records related to the licensee or its operation, including sales information, financial records, tax returns, credit reports, cultivation information, testing results, and security information and plans, or revealing any patient information, or any other records that are exempt from public inspection

pursuant to state or federal law. Such reports or other information may be used only for a purpose authorized by this section. Any information released related to patients may be used only for a purpose authorized by federal law and this section, including verifying that a person who presented a patient identification card to a state or local law enforcement official is lawfully in possession of such card.] Beginning December 2, 2020, all public records produced or retained pursuant to this section are subject to the general provisions of the Missouri Sunshine Law, as amended from time to time. Notwithstanding the foregoing, records containing proprietary business information obtained from an applicant or licensee are subject to closure. For documents submitted on or after December 2, 2020, the applicant or licensee shall label business information it believes to be proprietary prior to submitting it to the department. For documents submitted prior to December 2, 2020, the applicant or licensee may advise the department, through a department approved process, of any records previously submitted by the applicant or licensee it believes contain proprietary business information. Proprietary business information shall include sales information, financial records, tax returns, credit reports, cultivation information unrelated to product safety, testing results unrelated to product safety, site security information and plans, and individualized consumer information. The presence of proprietary business information shall not justify the closure of public records:

(a) identifying the applicant or licensee;

(b) relating to any citation, notice of violation, tax delinquency, or other enforcement action;

(c) relating to any public official's support or opposition relative to any applicant, licensee, or their proposed or actual operations;

(d) where disclosure is reasonably necessary for the protection of public health or safety; or

(e) that are otherwise subject to public inspection under other applicable law.

(6) Within one hundred eighty days of December 6, 2018, the department shall make available to the public license application forms and application instructions for medical marijuana cultivation facilities, medical marijuana testing facilities, medical marijuana dispensary facilities, and medical marijuana-infused products manufacturing facilities.

(7) Within one hundred eighty days of December 6, 2018, the department shall make available to the public application forms and application instructions for qualifying patient, qualifying patient cultivation, and primary caregiver identification cards. Within two hundred ten days of December 6, 2018, the department shall begin accepting applications for such identification cards.

(8) An entity may apply to the department for and obtain one or more licenses to grow marijuana as a medical marijuana cultivation facility. Each facility in operation shall require a separate license, but multiple licenses may be utilized in a single facility. Each indoor facility utilizing artificial lighting may be limited by the department to thirty thousand square feet of flowering plant canopy space. Each outdoor facility utilizing natural lighting may be limited by the department to two thousand eight hundred flowering plants. Each greenhouse facility using a combination of natural and artificial lighting may be limited by the department, at the election of the licensee, to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a nonrefundable fee of ten thousand dollars per license application or renewal for all applicants filing an application within three years of December 6, 2018, and shall charge each applicant a nonrefundable fee of five thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of twenty-five thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three medical marijuana cultivation facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(9) An entity may apply to the department for and obtain one or more licenses to operate a medical marijuana dispensary facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a nonrefundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of December 6, 2018, and shall charge each applicant a nonrefundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than five medical marijuana dispensary facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(10) An entity may apply to the department for and obtain one or more licenses to operate a medical marijuana-infused products manufacturing facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a nonrefundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of December 6, 2018, and shall charge each applicant a nonrefundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three medical marijuana-infused products manufacturing facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(11) Any applicant for a license authorized by this section may prefile their application fee with the department beginning 30 days after December 6, 2018.

(12) Except for good cause, a qualifying patient or his or her primary caregiver may obtain an identification card from the department to cultivate up to six flowering marijuana plants for the exclusive use of that qualifying patient. The card shall be valid for twelve months from its date of issuance and shall be renewable with the annual submittal of a new or updated physician's certification. The department shall charge an annual fee for the card of one hundred dollars, with such rate to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency.

(13) The department may set a limit on the amount of marijuana that may be purchased by or on behalf of a single qualifying patient in a thirty-day period, provided that limit is not less than four ounces of dried, unprocessed marijuana, or its equivalent. Any such limit shall not apply to a qualifying patient with written certification from two independent physicians that there are compelling reasons why the qualifying patient needs a greater amount than the limit established by the department.

(14) The department may set a limit on the amount of marijuana that may be possessed by or on behalf of each qualifying patient, provided that limit is not less than a sixty-day supply of dried, unprocessed marijuana, or its equivalent. A primary caregiver may possess a separate legal limit for each qualifying patient under their care and a separate legal limit for themselves if they are a qualifying patient. Qualifying patients cultivating marijuana for medical use may possess up to a ninety-day supply, so long as the supply remains on property under their control. Any such limit shall not apply to a qualifying patient with written certification from two independent physicians that there are compelling reasons for additional amounts. Possession of between the legal limit and up to twice the legal limit shall subject the possessor to department sanctions, including an administrative penalty and loss of their patient identification card for up to a year. Purposefully possessing amounts in excess of twice the legal limit shall be punishable by imprisonment of up to one year and a fine of up to two thousand dollars.

(15) The department may restrict the aggregate number of licenses granted for medical marijuana cultivation facilities, provided, however, that the number may not be limited to fewer

than one license per every one hundred thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(16) The department may restrict the aggregate number of licenses granted for marijuana-infused products manufacturing facilities, provided, however, that the number may not be limited to fewer than one license per every seventy thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(17) The department may restrict the aggregate number of licenses granted for medical marijuana dispensary facilities, provided, however, that the number may not be limited to fewer than twenty-four licenses in each United States congressional district in the state of Missouri pursuant to the map of each of the eight congressional districts as drawn and effective on December 6, 2018. Future changes to the boundaries of or the number of congressional districts shall have no impact.

(18) The department shall begin accepting license and certification applications for medical marijuana dispensary facilities, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than two hundred forty days after December 6, 2018. Applications for licenses and certifications under this section shall be approved or denied by the department no later than one hundred fifty days after their submission. If the department fails to carry out its nondiscretionary duty to approve or deny an application within one hundred fifty days of submission, an applicant may immediately seek a court order compelling the department to approve or deny the application.

(19) Qualifying patients under this section shall obtain [and annually renew] an identification card or cards from the department. The department shall charge a fee of twenty-five dollars per year per card with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor or its successor agency. Cards shall be valid for three years and may be renewed with a new physician's certification. Upon receiving an application for a qualifying patient identification card or qualifying patient cultivation identification card, the department shall, within thirty days, either issue the card or provide a written explanation for its denial. If the department fails to deny and fails to issue a card to an eligible qualifying patient within thirty days, then their physician certification shall serve as their qualifying patient identification card or qualifying patient cultivation identification card for up to one year from the date of physician certification. All initial applications for or renewals of a qualifying patient identification card or qualifying patient cultivation identification card shall be accompanied by a physician certification that is less than thirty days old.

(20) Primary caregivers under this section shall obtain [and annually renew] an identification card from the department. Cards shall be valid for three years. The department shall charge a fee of [twenty-five] seventy-five dollars [per year], with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. Upon receiving an application for a primary caregiver identification card, the department shall, within thirty days, either issue the card or provide a written explanation for its denial.

(21) All marijuana for medical use sold in Missouri shall be cultivated in a licensed medical marijuana cultivation facility located in Missouri.

(22) All marijuana-infused products for medical use sold in the state of Missouri shall be manufactured in a medical marijuana-infused products manufacturing facility.

(23) The denial of a license, license renewal, or identification card by the department shall be appealable to the administrative hearing commission, or its successor entity. Following the exhaustion of administrative review, denial of a license, license renewal, or identification card by the department shall be subject to judicial review as provided by law.

(24) No elected official shall interfere directly or indirectly with the department's obligations and activities under this section.

(25) The department shall not have the authority to apply or enforce any rule or regulation that would impose an undue burden on any one or more licensees or certificate holders, any qualifying patients, or act to undermine the purposes of this section.

4. Taxation and Reporting.

(1) A tax is levied upon the retail sale of marijuana for medical use sold at medical marijuana dispensary facilities within the state. The tax shall be at a rate of four percent of the retail price. The tax shall be collected by each licensed medical marijuana dispensary facility and paid to the department of revenue. After retaining no more than five percent for its actual collection costs, amounts generated by the tax levied in this section shall be deposited by the department of revenue into the Missouri veterans' health and care fund. Licensed entities making retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Missouri Veterans' Health and Care Fund", which shall consist of taxes and fees collected under this section. The state treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and monies earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The commissioner of administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the department, an amount necessary for the department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section;

(b) Next, the remainder of such funds shall be transferred to the Missouri veterans commission for health and care services for military veterans, including the following purposes: operations, maintenance and capital improvements of the Missouri veterans homes, the Missouri service officer's program, and other services for veterans approved by the commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness. The Missouri veterans commission shall contract with other public agencies for the delivery of services beyond its expertise.

(c) All monies from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana for medical use, a record shall be kept by the seller which identifies, by secure and encrypted patient number issued by the seller to the qualifying patient involved in the sale, all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the department and the department of revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from, and in addition to, any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana for medical use.

(6) The fees and taxes provided for in this Article XIV, Section 1 shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

(7) The unexpended balance existing in the fund shall be exempt from the provisions of section 33.080 relating to the transfer of unexpended balances to the general revenue fund.

5. Additional Patient, Physician, Caregiver and Provider Protections.

(1) Except as provided in this section, the possession of marijuana in quantities less than the limits of this section, or established by the department, and transportation of marijuana from a medical marijuana dispensary facility to the qualifying patient's residence shall not subject the possessor to arrest, criminal or civil liability, or sanctions under Missouri law, provided that the possessor produces on demand to the appropriate authority a valid qualifying patient identification card; a valid qualifying patient cultivation identification card; a valid physician certification while making application for an identification card; or a valid primary caregiver identification card. Production of the respective equivalent identification card or authorization issued by another state or political subdivision of another state shall also meet the requirements of this subdivision and shall allow for the purchase of marijuana for use by a non-resident patient from a medical marijuana dispensary facility as permitted by this section and in compliance with department regulations.

(2) No patient shall be denied access to or priority for an organ transplant because they hold a qualifying patient identification card or use marijuana for medical use.

(3) A physician shall not be subject to criminal or civil liability or sanctions under Missouri law or discipline by the Missouri state board of registration for the healing arts, or its successor agency, for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or issuing a physician certification to a patient diagnosed with a qualifying medical condition in a manner consistent with this section and legal standards of professional conduct.

(4) A health care provider shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or providing health care services that involve the medical use of marijuana consistent with this section and legal standards of professional conduct.

(5) A medical marijuana testing facility shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to the medical use of marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(6) A health care provider shall not be subject to mandatory reporting requirements for the medical use of marijuana by nonemancipated qualifying patients under eighteen years of age in a manner consistent with this section and with consent of a parent or guardian.

(7) A primary caregiver shall not be subject to criminal or civil liability or sanctions under Missouri law for purchasing, transporting, or administering marijuana for medical use to a qualifying patient or participating in the patient cultivation of up to six flowering marijuana plants per patient in a manner consistent with this section and generally established legal standards of personal or professional conduct.

(8) An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to prospective or licensed medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana dispensary facilities, medical marijuana-infused products manufacturing facilities, qualifying patients, primary caregivers, physicians, health care providers or others related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(9) Actions and conduct by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities licensed or registered with the department, or their employees or agents, as permitted by this section and in compliance with department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

(10) Nothing in this section shall provide immunity for negligence, either common law or statutorily created, nor criminal immunities for operating a vehicle, aircraft, dangerous device, or navigating a boat under the influence of marijuana.

(11) It is the public policy of the state of Missouri that contracts related to marijuana for medical use that are entered into by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities and those who allow property to be used by those entities, should be enforceable. It is the public policy of the state of Missouri that no contract entered into by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to medical marijuana may be prohibited by federal law.

6. Legislation.

Nothing in this section shall limit the general assembly from enacting laws consistent with this section, or otherwise effectuating the patient rights of this section. The legislature shall not enact laws that hinder the right of qualifying patients to access marijuana for medical use as granted by this section.

7. Additional Provisions.

(1) Nothing in this section permits a person to:

(a) Consume marijuana for medical use in a jail or correctional facility;

(b) Undertake any task under the influence of marijuana when doing so would constitute negligence or professional malpractice; or

(c) Operate, navigate, or be in actual physical control of any dangerous device or motor vehicle, aircraft or motorboat while under the influence of marijuana; or

(d) Bring a claim against any employer, former employer, or prospective employer for wrongful discharge, discrimination, or any similar cause of action or remedy, based on the employer, former employer, or prospective employer prohibiting the employee, former employee, or prospective employee from being under the influence of marijuana while at work or disciplining the employee or former employee, up to and including termination from employment, for working or attempting to work while under the influence of marijuana.

(2) No medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility, or entity with a transportation certification shall be owned, in whole or in part, or have as an officer, director, board member, manager, or employee, any individual with a disqualifying felony offense. A "disqualifying felony offense" is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the department determines that:

(a) The person's conviction was for the medical use of marijuana or assisting in the medical use of marijuana; or

(b) The person's conviction was for a nonviolent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses.

The department may consult with and rely on the records, advice and recommendations of the attorney general and the department of public safety, or their successor entities, in applying this subdivision.

(3) All medical marijuana cultivation facility, medical marijuana dispensary facility, and medical marijuana-infused products manufacturing facility licenses, entities with medical marijuana testing facility certifications, and entities with transportation certifications shall be held by entities that are majority owned, directly or indirectly, by natural persons who have been citizens of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, persons or entities outside the state of Missouri may own a minority stake, directly or indirectly, in such entities.

(4) No medical marijuana cultivation facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility shall manufacture, package or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between a marijuana or marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional department sanction, up to and including loss of license.

(5) All edible marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with dosage amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled as mandated by the department [, in a font size at least as large as the largest other font size used on the package,] as containing "Marijuana", or a "Marijuana-Infused Product". Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty.

(6) No individual shall serve as the primary caregiver for more than three qualifying patients.

(7) No qualifying patient shall consume marijuana for medical use in a public place, unless provided by law. Violation of this prohibition shall subject the violator to sanctions as provided by general law.

(8) No person shall extract resins from marijuana using dangerous materials or combustible gases without a medical marijuana-infused products manufacturing facility license. Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty and, if applicable, loss of their identification card, certificate, or license for up to one year.

(9) All qualifying patient cultivation shall take place in an enclosed, locked facility that is equipped with security devices that permit access only by the qualifying patient or by such patient's primary caregiver. Two qualifying patients, who both hold valid qualifying patient cultivation identification cards, may share one enclosed, locked facility. No more than twelve qualifying patient or primary caregiver cultivated flowering marijuana plants may be cultivated in a single, enclosed locked facility, except when a primary caregiver also holds a qualifying patient cultivation identification card, in which case no more than eighteen flowering marijuana plants may be cultivated in a single, enclosed, locked facility.

(10) No medical marijuana cultivation facility, medical marijuana dispensary facility, medical marijuana-infused products manufacturing facility, medical marijuana testing facility, or entity with a transportation certification shall assign, sell, give, lease, sublicense, or otherwise transfer its license or certificate to any other entity without the express consent of the department, not to be unreasonably withheld.

(11) Unless allowed by the local government, no new medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility shall be initially sited within one thousand feet of any then-existing elementary or secondary school, child day-care center, or church. No local

government shall prohibit medical marijuana cultivation facilities, medical marijuana testing facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities, or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana-infused products manufacturing facility, medical marijuana dispensary facility, or entity holding a transportation certification that may operate in such locality. The only local government ordinances or regulations that are binding on a marijuana facility are those of the local government where the marijuana facility is located.

(12) Unless superseded by federal law or an amendment to this Constitution, a physician shall not certify a qualifying condition for a patient by any means other than providing a physician certification for the patient, whether handwritten, electronic, or in another commonly used format. [A qualifying patient must obtain a new physician certification at least annually.]

(13) A physician shall not issue a certification for the medical use of marijuana for a nonemancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. The department shall not issue a qualifying patient identification card on behalf of a nonemancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. Such card shall be issued to one of the parents or guardians and not directly to the patient. Only a parent or guardian may serve as a primary caregiver for a nonemancipated qualifying patient under the age of eighteen. Only the qualifying patient's parent or guardian shall purchase or possess medical marijuana for a nonemancipated qualifying patient under the age of eighteen. A parent or guardian shall supervise the administration of medical marijuana to a nonemancipated qualifying patient under the age of eighteen.

(14) Nothing in this section shall be construed as mandating health insurance coverage of medical marijuana for qualifying patient use.

(15) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for medical use or for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.

8. Severability.

The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.

9. Effective Date.

The provisions of this section shall become effective on December 6, 2018.

Section 2. Marijuana Legalization, Regulation, and Taxation

1. Purpose.

The purpose of this section is to make marijuana legal under state and local law for adults twenty-one years of age or older, and to control the commercial production and distribution of marijuana under a system that licenses, regulates, and taxes the businesses involved while protecting public health. The intent is to prevent arrest and penalty for personal possession and cultivation of limited amounts of marijuana by adults twenty-one years of age or older; remove the commercial production and distribution of marijuana from the illicit market; prevent revenue generated from commerce in marijuana from going to criminal enterprises; prevent the distribution of marijuana to persons under twenty-one years of age; prevent the diversion of marijuana to illicit markets; protect health by ensuring the safety of marijuana and products containing marijuana; and ensure the security of marijuana facilities. To the fullest extent

possible, this section shall be interpreted in accordance with the purpose and intent set forth in this section.

This section is not intended to allow for the public use of marijuana, driving while intoxicated by marijuana, the use of marijuana in the workplace, or the use of marijuana by persons under twenty-one years of age.

2. Definitions.

(1) "Consumer" means a person who is at least twenty-one years of age.

(2) "Department" means the department of health and senior services, or its successor agency.

(3) "Entity" means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) "Flowering plant" means a marijuana plant from the time it exhibits the first signs of sexual maturity through harvest.

(5) "Local government" means, in the case of an incorporated area, a village, town, or city and, in the case of an unincorporated area, a county.

(6) "Marijuana" means *cannabis indica*, *cannabis sativa*, and *cannabis ruderalis*, hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana or cannabis, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" does not include industrial hemp, including any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than three-tenths of one percent on a dry weight basis, or commodities or products manufactured with industrial hemp, or any other ingredient combined with marijuana to prepare topical or oral administrations, food, drink, or other products.

(7) "Marijuana accessories" means any equipment, product, material, or combination of equipment, products, or materials, which is specifically designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, containing, ingesting, inhaling, or otherwise introducing marijuana into the human body.

(8) "Marijuana Cultivation Facility" means an entity licensed by the department to acquire, cultivate, process, store, transport, and sell marijuana to a marijuana dispensary facility, marijuana testing facility, or to a marijuana-infused products manufacturing facility.

(9) "Marijuana Dispensary Facility" means an entity licensed by the department to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and marijuana accessories as provided for in this section to consumers.

(10) "Marijuana Facility" means a marijuana cultivation facility, marijuana dispensary facility, marijuana testing facility, marijuana-infused products manufacturing facility, marijuana microbusiness facility, or any other type of marijuana-related facility or business licensed or certified by the department pursuant to this section.

(11) "Marijuana-Infused Products" means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(12) "Marijuana-Infused Products Manufacturing Facility" means an entity licensed by the department to acquire, store, manufacture, transport, and sell marijuana-infused products to a marijuana dispensary facility, a marijuana testing facility, or to another marijuana-infused products manufacturing facility.

(13) "Marijuana Microbusiness Facility" means an entity licensed to cultivate not more than one hundred and fifty flowering plants, process, store, transport, sell, and package the marijuana it cultivates or that it obtains from another marijuana microbusiness facility, and acquire, store, manufacture, transport, deliver, sell, or otherwise transfer marijuana and marijuana-infused products it cultivates and processes, or that it obtains from other marijuana microbusiness

facilities, to marijuana dispensary facilities, marijuana testing facilities, other marijuana microbusiness facilities, or consumers.

(14) "Marijuana Testing Facility" means an entity certified by the department to acquire, test, certify, and transport marijuana.

(15) "Owner" means an officer, board member, or other individual who has a financial (other than a security interest, lien, or encumbrance) or voting interest in ten percent or greater of a marijuana facility.

(16) "Unduly burdensome" means that the measures necessary to comply with the rules or ordinances adopted pursuant to this section subject licensees or potential licensees to such a high investment of money, time, or any other resource or asset that a reasonably prudent businessperson would not operate the marijuana facility.

3. Limitations.

(1) Except as otherwise provided in this article, this section does not preclude, limit, or affect laws that assign liability relative to, prohibit, or otherwise regulate:

(a) Delivery or distribution of marijuana or marijuana accessories, with or without consideration, to a person younger than twenty-one years of age;

(b) Purchase, possession, use, or transport of marijuana or marijuana accessories by a person younger than twenty-one years of age;

(c) Consumption of marijuana by a person younger than twenty-one years of age;

(d) Operating or being in physical control of any motor vehicle, train, aircraft, motorboat, or other motorized form of transport while intoxicated by marijuana;

(e) Consumption of marijuana while operating or being in physical control of a motor vehicle, train, aircraft, motorboat, or other motorized form of transport while it is being operated;

(f) Smoking marijuana within a motor vehicle, train, aircraft, motorboat, or other motorized form of transport while it is being operated;

(g) Possession or consumption of marijuana or possession of marijuana accessories on the grounds of a public or private preschool, elementary or secondary school, institution of higher education, in a school bus, or on the grounds of any correctional facility;

(h) Smoking marijuana in a location where smoking tobacco is prohibited;

(i) Consumption of marijuana in a public place, other than in an area licensed by the department for consumption;

(j) Conduct that endangers others;

(k) Undertaking any task while under the influence of marijuana, if doing so would constitute negligence or professional malpractice; or

(l) Performing solvent-based extractions on marijuana using solvents other than water, glycerin, propylene glycol, vegetable oil, or food-grade ethanol, unless licensed for this activity by the department.

(2) This section does not limit any privileges, rights, immunities, or defenses of a person or entity as provided in section 1 of this article, or any other law of this state allowing for or regulating marijuana for medical use.

(3) This section does not require an employer to permit or accommodate conduct otherwise allowed by this section in any workplace or on the employer's property. This section does not prohibit an employer from disciplining an employee for violation of a workplace drug policy or for working while intoxicated by marijuana. This section does not prevent an employer from refusing to hire, discharging, disciplining, or otherwise taking an adverse employment action

against a person with respect to hire, tenure, terms, conditions, or privileges of employment because of that person's violation of a workplace drug policy or because that person was working while intoxicated by marijuana.

(4) This section allows a person to prohibit or otherwise regulate the consumption, cultivation, distribution, processing, sale, or display of marijuana, marijuana-infused products, and marijuana accessories on private property the person owns, leases, occupies, or manages, except that a lease agreement executed after the enactment of this section may not prohibit a tenant from lawfully possessing and consuming marijuana by means other than smoking.

4. Regulation of Marijuana.

(1) In carrying out the implementation of this section, the department shall have the authority to:

(a) Grant or refuse state licenses for the cultivation, manufacture, dispensing, and sale of marijuana as provided by law; suspend, fine, restrict, or revoke such licenses upon a violation of this section or a rule promulgated pursuant to this section; and impose any reasonable administrative penalty authorized by this section or any rule promulgated pursuant to this section;

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana and for the enforcement of this section so long as such rules are reasonable and not unduly burdensome;

(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section;

(d) Require a seed-to-sale tracking system that tracks marijuana from either the seed or immature plant stage until the marijuana or marijuana-infused product is sold to a consumer to ensure that no marijuana grown by a marijuana cultivation facility or marijuana microbusiness facility or manufactured by a marijuana-infused products manufacturing facility or marijuana microbusiness facility is sold or otherwise transferred to a consumer except by a marijuana dispensary facility or a marijuana microbusiness facility. The department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees;

(e) Issue standards for the secure transportation of marijuana and marijuana-infused products. The department shall certify entities that demonstrate compliance with its transportation standards to transport marijuana and marijuana-infused products to a marijuana cultivation facility, marijuana-infused products manufacturing facility, marijuana dispensary facility, marijuana microbusiness facility, marijuana testing facility, or another entity with a transportation certification. The department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity licensed or certified pursuant to this section shall be allowed to transport its own inventory and products in compliance with department transportation rules;

(f) Promulgate rules and emergency rules specific to the licensing, regulation, and oversight of marijuana microbusiness facilities;

(g) Provide for the issuance of additional types or classes of licenses to operate marijuana-related businesses that allow for only limited processing, transportation, delivery, or storage of marijuana, licenses that allow for the consumption of marijuana within designated, age-restricted areas, and licenses intended to facilitate scientific research or education;

(h) Prepare and transmit annually a publicly available report accounting to the governor, the general assembly, and the public for the efficient discharge of all responsibilities assigned to the department under this section;

(i) Establish a system to numerically score competing marijuana license and certificate applicants, including marijuana microbusiness applicants, only in cases where more applicants apply than the number of licenses available, in which scoring shall be limited to an analysis of the following:

(i) The character, veracity, background, qualifications, and relevant experience of principal officers or managers;

(ii) The business plan proposed by the applicant, which in the case of cultivation facilities and dispensaries shall include the ability to maintain an adequate supply of marijuana, and for all facilities shall include procedures to be used to prevent product diversion;

(iii) Site security;

(iv) In the case of licenses other than the microbusiness license, testing certification, or transport certification, experience as an owner or employee of a Missouri marijuana microbusiness facility;

(v) In the case of marijuana testing facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and potency and health care industry experience;

(vi) The potential for positive economic impact in the site community;

(vii) In the case of marijuana cultivation facilities and marijuana microbusiness facilities, capacity or experience with agriculture and horticulture;

(viii) In the case of marijuana dispensary facilities, the suitability of the proposed location for consumer access, and experience as an owner or employee of a Missouri marijuana dispensary facility or Missouri medical marijuana dispensary facility;

(ix) In the case of marijuana-infused products manufacturing facilities, capacity or experience with food and beverage manufacturing or manufacturing marijuana-infused products;

(x) Maintaining competitiveness in the marijuana marketplace; and

(xi) Whether there is an over-concentration of marijuana facilities within the boundaries of any particular local government.

(j) In ranking applicants and awarding licenses and certificates, the department may consult or contract with other public agencies with relevant expertise regarding these factors.

(2) The department shall issue, at a minimum, the same number of marijuana cultivation facility licenses as are issued for medical marijuana cultivation facilities under section 1 of this article, the same number of marijuana-infused products manufacturing facility licenses as are issued for medical marijuana-infused products manufacturing facilities under section 1, the same number of marijuana dispensary facility licenses with the same congressional distribution requirements as are issued to medical marijuana dispensary facilities under section 1, in addition to the minimum number of marijuana microbusiness licenses as are required under this section. The department may lift or ease any limit on the number of licensees or certificate holders in order to meet the demand for marijuana by consumers in the state and to ensure a competitive market while also preventing an over-concentration of marijuana facilities within the boundaries of any particular local government.

(3) If marijuana cultivation facility licenses, marijuana-infused products manufacturing facility licenses, or marijuana dispensary facility licenses become available so that the number of total licenses in any respective category falls below the minimum required under this article, section, and subsection, the department shall award at least fifty percent of new licenses available to satisfy the minimum requirement to applicants who are:

(a) Owners of a marijuana microbusiness facility that has been in operation for at least one year and is in good standing with the department;

(b) At least fifty percent owned by natural persons who qualified as economically disadvantaged owners or disabled veterans at the time they applied for and received the marijuana microbusiness facility license; and

(c) Otherwise qualified for the license.

(4) The department may issue any rules or emergency rules necessary for the implementation and enforcement of this section and to ensure the right to, availability, and safe use of marijuana by consumers. In developing such rules or emergency rules, the department may consult or contract with other public agencies. In addition to any other rules or emergency rules necessary to carry out the mandates of this section, the department shall issue rules or emergency rules relating to the following subjects:

(a) Procedures for issuing a license and for renewing, suspending, and revoking a license;

(b) Qualifications for licensure that are directly and demonstrably related to the operation of a marijuana facility;

(c) Requirements and standards for safe cultivation, processing, and distribution of marijuana and marijuana-infused products by marijuana facilities, including health standards to ensure the safe preparation of marijuana-infused products and prohibitions on pesticides that are not safe for use on marijuana;

(d) Testing, packaging, and labeling standards, procedures, and requirements for marijuana and marijuana-infused products and a requirement that a representative sample of marijuana be tested by a marijuana testing facility to ensure public health;

(e) Labeling standards that protect public health by requiring the listing of pharmacologically active ingredients, including, but not limited to, tetrahydrocannabinol (THC), cannabidiol (CBD), and other cannabinoid content, the THC and other cannabinoid amount in milligrams per serving, the number of servings per package, and quantity limits per sale to comply with the allowable possession amount;

(f) Requirements that packaging and labels shall not be made to be attractive to children, required warning labels, and that marijuana and marijuana-infused products be sold in resealable, child-resistant packaging to protect public health;

(g) Security requirements, including lighting, physical security, and alarm requirements, and requirements for securely transporting marijuana between marijuana facilities;

(h) Record keeping requirements for marijuana facilities and monitoring requirements to track the transfer of marijuana by licensees;

(i) Restrictions on advertising, marketing, and display of marijuana, marijuana-infused products, marijuana accessories, and marijuana facilities;

(j) A plan to promote and encourage ownership and employment in the marijuana industry by people from political subdivisions and districts that are economically distressed and to positively impact those political subdivisions and districts;

(k) Administrative penalties for failure to comply with any rule promulgated pursuant to this section or for any violation of rules and regulations adopted pursuant to this section by a licensee, including administrative fines and suspension, revocation, or restriction of a license. The licensee may choose to challenge any penalties imposed by the department through the Administrative Hearing Commission, or its successor entity. Pursuant to § 536.100 R.S.Mo., or successor provisions, any licensee who has exhausted all administrative remedies provided by law and who is aggrieved by a final decision in a contested case is entitled to judicial review;

(l) Reporting and transmittal of tax payments required under this section;

(m) Authorization for the department of revenue to have access to licensing information to ensure tax payment and the effective administration of this section; and

(n) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(5) The department shall issue rules or emergency rules for marijuana and marijuana-infused products independent testing and certification program for marijuana facility licensees and requiring licensees to test marijuana using one or more impartial, independent laboratory or laboratories to ensure, at a minimum, correct labeling, potency measurement, and that products sold for human consumption do not contain contaminants that are potentially injurious to public health.

(6) The department shall issue rules or emergency rules to provide for the certification of and standards for marijuana testing facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The department shall certify, if possible, at least two entities as marijuana testing facilities. No marijuana testing facility shall be owned by an entity under substantially common control, ownership, or management as a marijuana cultivation facility, marijuana-infused products manufacturing facility, marijuana microbusiness facility, or marijuana dispensary facility.

(7) All public records produced or retained pursuant to this section are subject to the general provisions of the Missouri Sunshine Law, as amended from time to time. Notwithstanding the foregoing, public records containing proprietary business information obtained from an applicant or licensee are subject to closure. The applicant or licensee shall label business information it believes to be proprietary prior to submitting it to the department. Proprietary business information shall include sales information, financial records, tax returns, credit reports, cultivation information unrelated to product safety, testing results unrelated to product safety, site security information and plans, and individualized consumer information. The presence of proprietary business information shall not justify the closure of public records:

(a) Identifying the applicant or licensee;

(b) Relating to any citation, notice of violation, tax delinquency, or other enforcement action;

(c) Relating to any public official's support or opposition relative to any applicant, licensee, or their proposed or actual operations;

(d) Where disclosure is reasonably necessary for the protection of public health or safety; or

(e) That are otherwise subject to public inspection under applicable law.

(8) Within two hundred and seventy days of the effective date of this section, the department shall make available to the public license application forms and application instructions for marijuana cultivation facilities, marijuana testing facilities, marijuana dispensary facilities, marijuana microbusiness facilities, marijuana-infused products manufacturing facilities, and any other license types and certifications it deems necessary.

(9) An entity may apply to the department for and obtain one or more licenses to grow marijuana as a marijuana cultivation facility. Each facility in operation shall require a separate license, but multiple licenses may be utilized in a single facility. Each indoor facility utilizing artificial lighting may be limited by the department to thirty thousand square feet of flowering plant canopy space. Each outdoor facility utilizing natural lighting may be limited by the department to two thousand eight hundred flowering plants. Each greenhouse facility using a combination of natural and artificial lighting may be limited by the department, at the election of the licensee, to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of twelve thousand dollars per license application or renewal for all applicants filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of five thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of twenty-five thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the

percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than three marijuana cultivation facility licenses.

(10) An entity may apply to the department for and obtain one or more licenses to operate a marijuana dispensary facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of seven thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than five marijuana dispensary facility licenses.

(11) An entity may apply to the department for and obtain one or more licenses to operate a marijuana-infused products manufacturing facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of seven thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than three marijuana-infused products manufacturing facility licenses.

(12) An entity may apply to the department for and obtain only one license to operate a marijuana microbusiness facility. A marijuana microbusiness facility license shall allow the licensee to be vertically integrated. A marijuana microbusiness facility licensee may engage in all of the activities allowed under the license or it may apply for and engage in a subset of the activities allowed, if the applicant or license holder so chooses. A marijuana microbusiness facility licensee may sell marijuana it cultivates, processes, manufactures, and packages to any marijuana dispensary facility, any other marijuana microbusiness facility, or directly to consumers. A marijuana microbusiness facility may also process, manufacture, and sell to consumers marijuana and marijuana-infused products it obtains from another marijuana microbusiness facility. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of one thousand five hundred dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of two thousand five hundred dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of two thousand five hundred dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than one marijuana microbusiness facility license. An owner of a marijuana microbusiness facility may not also be an owner of another licensed marijuana facility or medical marijuana facility regulated under this article. However, the owner of a marijuana microbusiness facility may apply for a license or licenses for other marijuana or medical marijuana facilities under this article. If granted one or more of these licenses, the marijuana microbusiness facility owner may transition to other licensed operations on a reasonably practical timetable established by the department. In addition to other requirements established by this section, a marijuana microbusiness facility must be majority-owned by natural persons who have been residents of the state of Missouri for at least one year prior to the application for such license. The majority owner or owners must be economically disadvantaged persons, as defined by the department, or disabled veterans, as defined by the department.

(13) The department may restrict the aggregate number of licenses granted for marijuana microbusiness facilities, provided, however, that the number may not be limited to fewer than the following number of licenses in each United States congressional district in the state of Missouri pursuant to the map of each of the eight congressional districts as drawn and effective on December 6, 2018:

(a) Six, once the department begins issuing licenses for marijuana facilities under this subsection;

(b) An additional six following the first two hundred and seventy days after the department begins issuing licenses for marijuana facilities under this subsection; and

(c) An additional six after the first five hundred and forty-eight days after the department begins issuing licenses for marijuana facilities under this subsection, but only after the department conducts an analysis and determines that there is a market for additional microbusiness licenses.

Future changes to the boundaries or the number of congressional districts shall have no impact.

(14) The department shall begin accepting license and certification applications for marijuana dispensary facilities, marijuana testing facilities, marijuana cultivation facilities, marijuana-infused products manufacturing facilities, marijuana microbusiness facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than three hundred and sixty-five days after the effective date of this section. Applications for licenses under this section shall be approved or denied by the department no later than one hundred eighty days after their submission. If the department fails to carry out its non-discretionary duty to approve or deny an application within one hundred eighty days of submission, an applicant may immediately seek a court order compelling the department to approve or deny the application.

(15) With the exception of microbusiness licenses, and consistent with any limitations set forth in this section, for the first five hundred and forty-eight days after the department begins issuing licenses for marijuana facilities, the department may only issue a license:

(a) For a marijuana cultivation facility to an entity holding a medical marijuana cultivation facility license issued pursuant to section 1 of this article seeking licensure to operate a marijuana cultivation facility at the same location;

(b) For a marijuana dispensary facility to an entity holding a medical marijuana dispensary facility license issued pursuant to section 1 of this article seeking licensure to operate a marijuana dispensary facility at the same location;

(c) For a marijuana-infused products manufacturing facility to an entity holding a medical marijuana-infused products manufacturing facility license issued pursuant to section 1 of this article seeking licensure to operate a marijuana-infused products manufacturing facility at the same location; and

(d) For a marijuana testing facility to an entity holding a medical marijuana testing facility license issued pursuant to section 1 of this article seeking licensure to operate a marijuana testing facility at the same location.

(16) The department shall issue a license to each applicant for a marijuana facility pursuant to subdivision (15) of this subsection if the applicant is in good standing with the department and has reasonably complied with this article and all of the rules and regulations promulgated pursuant to this article.

(17) A prospective applicant for a license pursuant to subdivision (15) shall notify the department of their intent to apply and prefile their application fee with the department by February 1, 2021.

(18) Notwithstanding the provisions of section 1 of this article, if an existing medical marijuana dispensary facility is located in a jurisdiction that prohibits marijuana dispensary facilities under this section, or is otherwise prevented from operating a marijuana dispensary facility at the same location as the existing medical marijuana dispensary facility, the medical marijuana dispensary

facility may apply to the department for a marijuana dispensary license pursuant to subdivision (15) of this subsection in a new location, and such application shall be granted so long as the applicant meets all the requirements of this section and department regulation. If an existing medical marijuana dispensary facility is located in a jurisdiction that temporarily prohibits non-medical retail marijuana facilities prior to November 3, 2020, and the medical marijuana dispensary facility does not apply to open a marijuana dispensary facility in a new location, the medical marijuana dispensary facility may apply to the department for a marijuana dispensary facility license after November 3, 2020, and if the temporary prohibition is not permanently enacted, such application shall be granted, so long as the applicant meets all the requirements of this section and department regulation.

(19) Notwithstanding the provisions of section 1 of this article, three years after receiving a marijuana dispensary facility license pursuant to subdivision (15), a marijuana dispensary facility may apply to the department for permission to relocate the marijuana dispensary facility to a new location.

(20) Notwithstanding the provisions of section 1 of this article, for the first five hundred and forty-eight days after the department begins issuing licenses for marijuana facilities under this section, the department shall issue licenses for marijuana microbusiness facilities to qualified applicants consistent with the qualifications and limitations set forth in this section.

(21) Notwithstanding the provisions of section 1 of this article, a medical marijuana cultivation facility that is issued a marijuana cultivation facility license pursuant to subdivision (15) of this subsection is limited under both licenses to a total of two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy space. An entity issued a license pursuant to subdivision (15) of this subsection may sell marijuana to medical marijuana facilities and marijuana facilities so long as the entity has both a medical marijuana cultivation facility license and a marijuana cultivation facility license consistent with any limitations set forth in this article or department regulation.

(22) In addition to the foregoing, the department shall not issue a non-medical license pursuant to this section to a medical marijuana cultivation facility, medical marijuana-infused products manufacturing facility, or medical marijuana dispensary facility, if the department determines that doing so will limit or restrict access by qualifying patients, as defined in section 1 of this article, to an adequate supply of marijuana and marijuana-infused products at a reasonable cost.

(23) The department may not promulgate a rule prohibiting a marijuana facility from operating at the same location as a medical marijuana facility of the same license type operating pursuant to section 1 of this article.

(24) Marijuana facilities licensed to distribute marijuana, marijuana-infused products, and marijuana accessories directly to consumers pursuant to this section may also distribute marijuana, marijuana-infused products, and marijuana accessories to qualifying patients and primary caregivers consistent with section 1 of this article and department regulation.

(25) The department may charge a fee not to exceed five thousand dollars for any certification issued pursuant to this section.

(26) Until such time that federal law permits otherwise, all marijuana sold in Missouri pursuant to this article shall be cultivated in Missouri. If allowed by federal law, marijuana may be exported from Missouri in accordance with department regulations. If allowed by federal law, the department may promulgate rules related to the import and export of marijuana and shall promulgate a rule requiring that all marijuana flower imported into Missouri be tested by a marijuana testing facility located in Missouri and comply with Missouri testing standards.

(27) Until such time that federal law permits otherwise, all marijuana-infused products sold in Missouri pursuant to this article shall be manufactured in Missouri. If allowed by federal law, marijuana-infused products may be exported from Missouri in accordance with department regulations. If allowed by federal law, the department may promulgate rules related to the import and export of marijuana-infused products.

(28) The denial of a license or license renewal by the department shall be appealable. The applicant may choose to challenge any denial by the department through the Administrative Hearing

Commission, or successor entity. Pursuant to § 536.100 R.S.Mo., or successor provisions, any licensee who has exhausted all administrative remedies provided by law and who is aggrieved by a final decision in a contested case is entitled to judicial review.

(29) No elected official shall interfere directly or indirectly with the department's obligations and activities under this section.

(30) To minimize the potential for undue political influence in awarding licenses, the department shall review license applications using reasonable safeguards that ensure the identity of the applicant and its principal owners, officers, and managers are not identified to the application scorers.

(31) The department shall have the sole authority within the state of Missouri to issue licenses for marijuana facilities and certifications pursuant to this section.

(32) The department shall not have the authority to promulgate, apply, or enforce any rule or regulation that is unduly burdensome or act to undermine the purposes of this section.

5. Local Control.

(1) Except as provided in this subsection, a local government may prohibit the operation of all non-medical retail marijuana facilities regulated under this section from being located within its jurisdiction through voter approval of a ballot question submitted to the qualified voters of the local government, provided that any ballot measure shall be voted on only during the regularly scheduled general election held on the first Tuesday after the first Monday in November of an even-numbered year starting in 2022, thereby avoiding any additional local governmental cost or expense. Until the first general election following the general election held November 3, 2020, a local government may through local ordinance temporarily prohibit non-medical retail marijuana facilities regulated under this section from being located within its jurisdiction. When a ballot question prohibiting non-medical retail marijuana facilities regulated under this section is submitted to voters, the following question shall be presented to the voters in the area subject to the prohibition, "Shall (insert name of local government) ban all non-medical retail marijuana facilities from being located within (insert name of local government and, where applicable, its "unincorporated areas") and forgo any additional related local tax revenue? ( ) Yes ( ) No." If a majority of the votes cast on the question by the qualified voters voting thereon are in favor of the question, then the ban shall go into effect as provided by law. If a question receives less than the required majority, then the jurisdiction shall have no power to ban new non-medical retail marijuana facilities regulated under this section, unless voters at a subsequent election on the first Tuesday after the first Monday in November of an even-numbered year approve a ban on new non-medical retail marijuana facilities submitted to them by the governing body. A local government may repeal an existing ban by its own ordinance or by a vote of the people, either through referral of a ballot question to the voters by the governing body or through citizen petition. In the case of a referral of a ballot question by the governing body or citizen's petition to repeal an existing ban, the question shall be voted on only during the regularly scheduled general election held on the first Tuesday after the first Monday in November of an even-numbered year. A citizen's petition to repeal an existing ban shall be signed by at least five percent of the qualified voters in the area subject to the ban, determined on the basis of the number of votes cast for governor in such locale at the last gubernatorial election held prior to the filing of the petition. The local government shall count the petition signatures and give legal notice of the election as provided by applicable law. Denial of ballot access shall be subject to judicial review. Whether submitted by the governing body or by citizen's petition, the question shall be submitted in the following form: "Shall (insert name of local government) allow non-medical retail marijuana facilities to be located within (insert name of local government and where applicable, its "unincorporated areas") as regulated by state law? ( ) Yes ( ) No." If a majority of the votes cast on the question by the qualified voters voting thereon are in favor of the question, then the ban shall be repealed.

(2) Unless allowed by the local government, no new marijuana facility shall be initially sited within one thousand feet of any then-existing elementary or secondary school, child day-care center, or church. The only local government ordinances and regulations that are binding on a marijuana facility are those of the local government where the marijuana facility is located. Except as otherwise provided in this subsection, no local government shall prohibit marijuana

facilities or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a marijuana facility or entity holding a transportation certification that may operate in such locality.

6. Taxation and Reporting.

(1) A tax shall be levied upon the retail sale of non-medical marijuana sold to consumers at marijuana facilities licensed pursuant to this section within the state. The tax shall be at a rate of fifteen percent of the retail price. The tax shall be collected by each licensed non-medical retail marijuana facility and paid to the department of revenue. After retaining no more than two percent of the total tax collected or its actual collection costs, whichever is less, amounts generated by the tax levied in this section shall be deposited by the department of revenue into the "Veterans, Infrastructure, and Health Fund" created under this subsection. Licensed entities making non-medical retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Veterans, Infrastructure, and Health Fund" which shall consist of taxes and fees collected under this section. The state treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The commissioner of administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall be distributed as follows:

(a) First, to the department, an amount necessary for the department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section;

(b) Next, distributed to the local government where the retail sale occurred, three-fifteenths of the remaining fund balance.

(c) After the distribution to the local government where the retail sale occurred, the remaining fund balance shall be distributed in thirds as follows:

(i) One-third of the remainder of the fund balance shall be transferred to the Missouri veterans commission and allied state agencies, as determined by appropriation, exclusively for health care and other services for military veterans and their dependent families;

(ii) One-third of the remainder of the fund balance to the State Road Fund created under article IV, section 30b of this Constitution for constructing and maintaining an adequate system of connected state highways; and

(iii) One-third of the remainder of the fund balance to the department to provide grants to existing agencies and not-for-profit organizations, whether government or community-based, to increase access to evidence-based low-barrier drug addiction treatment, prioritizing medically proven treatment and overdose prevention and reversal methods and public or private treatment options with an emphasis on reintegrating recipients into their local communities, to support overdose prevention education, and to support job placement, housing, and counseling for those with substance use disorders. Agencies and organizations serving populations with the highest rates of drug-related overdose shall be prioritized to receive the grants.

(d) All monies from the taxes and fees authorized hereunder shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana, a record shall be kept by the seller of all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected, and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the department and the department of revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from and in addition to any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana.

(6) The fees and taxes provided for in this section shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

7. Additional Protections.

(1) A marijuana testing facility shall not be subject to civil or criminal prosecution, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(2) An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to any person related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(3) Actions and conduct by marijuana facilities licensed or otherwise certified by the department, or their employees or agents, as permitted by this section and in compliance with department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

(4) The department may not promulgate a rule that requires a consumer to provide a marijuana facility with identifying information other than identification to determine the consumer's age.

(5) It is the public policy of the state of Missouri that contracts related to marijuana that are entered into by marijuana facilities and those who allow property to be used by those entities should be enforceable. It is the public policy of the state of Missouri that no contract entered into by marijuana facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to marijuana may be prohibited by federal law.

8. Legislation.

Nothing in this section shall limit the general assembly from enacting laws consistent with the purposes of this section.

9. Additional Provisions.

(1) No owner of a marijuana facility or entity with a transportation certification shall be an individual with a disqualifying felony offense. A "disqualifying felony offense" is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the department determines that:

(a) The person's conviction was for a marijuana offense, other than provision of marijuana to a minor; or

(b) The person's conviction was for a non-violent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses.

The department may consult with and rely on the records, advice, and recommendations of the attorney general and the department of public safety, or their successor entities, in carrying out the provisions of this subdivision.

(2) All marijuana facilities and certificates shall be held by entities that are majority owned, directly or indirectly, by natural persons who have been residents of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, persons or entities outside the state of Missouri may own a minority stake, directly or indirectly, in such entities. By rule, the department may adjust the percentage of ownership required by residents of the state of Missouri. Owners licensed pursuant to this section shall submit fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol, if necessary, shall forward the fingerprints to the Federal Bureau of Investigation (FBI) for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted pursuant to § 43.543 R.S.Mo., or successor provisions, and fees shall be paid pursuant to § 43.530 R.S.Mo., or successor provisions.

(3) No marijuana facility shall manufacture, package, or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between marijuana or a marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional department sanction, up to and including loss of license.

(4) No marijuana facility may sell edible marijuana-infused candy in shapes or packages that are attractive to children or that are easily confused with commercially sold candy that does not contain marijuana.

(5) All marijuana and marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with serving amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled, as mandated by the department, as containing "Marijuana" or a "Marijuana-Infused Product." Violation of this subdivision shall subject the violator to department sanctions, including an administrative penalty.

(6) A marijuana facility may not allow cultivation, manufacturing, sale, or display of marijuana, marijuana-infused products, or marijuana accessories to be visible from a public place outside of the marijuana facility without the use of binoculars, aircraft, or other optical aids.

(7) A marijuana facility may not cultivate, manufacture, test, sell, or store marijuana at any location other than a physical address approved by the department and within an enclosed area that is secured in a manner that prevents access by persons not permitted by the marijuana facility to access the area.

(8) A marijuana facility shall secure every entrance to the facility so that access to areas containing marijuana is restricted to employees and other persons permitted by the marijuana facility to access the area and to agents of the department or state and local law enforcement officers and emergency personnel and shall secure its inventory and equipment during and after operating hours to deter and prevent theft of marijuana, marijuana-infused products, and marijuana accessories.

(9) No marijuana facility may refuse representatives of the department the right to inspect the licensed premises or to audit the books and records of the marijuana facility. A facility that holds licenses issued under sections 1 and 2 of this article shall comply with inspection regulations and standards issued pursuant to both sections.

(10) No marijuana facility may allow a person under twenty-one years of age to volunteer or work for the marijuana facility, unless permitted by department regulation.

(11) No marijuana facility, or entity with a certification, shall assign, sell, give, lease, sublicense, or otherwise transfer its license or certificate to any other entity without the express consent of the department, not to be unreasonably withheld.

(12) To the fullest extent allowed by the Constitution of the United States, the Constitution of Missouri, and federal law, no unsolicited internet pop-up advertisements, banners on mass-market websites, unsolicited leaflets or handbills, or unsolicited direct mail advertisements for marijuana, marijuana-infused products, or marijuana accessories are permitted, and no off-site advertisement or marketing for marijuana, marijuana-infused products, or marijuana accessories may be placed on any billboard within the state or in any location exposed to view from a public place within one thousand feet of an elementary or secondary school, child daycare center, or church.

(13) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.

(14) No person shall extract resins from marijuana using dangerous materials or combustible gases without a marijuana-infused products manufacturing facility license or a marijuana microbusiness license that allows for this activity. Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty and, if applicable, loss of certificate or license for up to one year.

10. Personal Use of Marijuana.

(1) Subject to the limitations in subsection 3 of this section, the following acts by a person at least twenty-one years of age are not unlawful and shall not be an offense under state law or the laws of any local government within the state or be a basis to impose a civil fine, penalty, or sanction, or be a basis to detain, search, or arrest, or otherwise deny any right or privilege, or to seize or forfeit assets under state law or the laws of any local government:

(a) Purchasing, possessing, using, ingesting, inhaling, processing, transporting, delivering without consideration, or distributing without consideration one ounce or less of marijuana, except that not more than the equivalent of one ounce of marijuana, as determined by the department, may be in a concentrated form;

(b) Possessing, planting, cultivating, harvesting, drying, processing, or manufacturing one-half the number of plants a qualifying patient is permitted to cultivate pursuant to section 1 of this article and department regulation, provided:

a. The plants and any marijuana produced by the plants in excess of one ounce are kept at one private residence, are in a locked space, and are not visible by normal, unaided vision from a public place; and
b. Not more than twice the number of allowable plants under paragraph (b) of this subdivision are kept in or on the grounds of a private residence at one time.

(c) Assisting another person who is at least twenty-one years of age in, or allowing property to be used for, any of the acts permitted by this section; and

(d) Purchasing, possessing, using, delivering, distributing, manufacturing, transferring, or selling to persons twenty-one years of age or older marijuana accessories.

(2) A person who, pursuant to this section, cultivates marijuana plants that are visible by normal, unaided vision from a public place is subject to a civil penalty not exceeding two hundred and fifty dollars and forfeiture of the marijuana.

(3) A person who, pursuant to this section, cultivates marijuana plants that are not kept in a locked space is subject to a civil penalty not exceeding two hundred and fifty dollars and forfeiture of the marijuana.

(4) A person who smokes marijuana in a public place, other than in an area licensed for such activity by the department, is subject to a civil penalty not exceeding one hundred dollars.

(5) A person who is under twenty-one years of age who possesses, uses, ingests, inhales, transports, delivers without consideration or distributes without consideration one ounce or less of marijuana, or possesses, delivers without consideration, or distributes without consideration marijuana accessories is subject to a civil penalty not to exceed one hundred dollars and

forfeiture of the marijuana. Any such person shall be provided the option of attending up to four hours of drug education or counseling in lieu of the fine.

(6) Subject to the limitations of this section, a person who possesses not more than twice the amount of marijuana allowed pursuant to this subsection, produces not more than twice the amount of marijuana allowed pursuant to this subsection, delivers without receiving any consideration or remuneration to a person who is at least twenty-one years of age not more than twice the amount of marijuana allowed by this subsection, or possesses with intent to deliver not more than twice the amount of marijuana allowed by this subsection:

(a) For a first violation, is subject to an infraction punishable by a civil penalty not exceeding two hundred and fifty dollars and forfeiture of the marijuana;

(b) For a second violation, is subject to an infraction punishable by a civil penalty not exceeding five hundred dollars and forfeiture of the marijuana;

(c) For a third or subsequent violation, is subject to a misdemeanor punishable by a fine not exceeding one-thousand dollars and forfeiture of the marijuana; and

(d) For a person under twenty-one years of age, is subject to a civil penalty not to exceed two hundred and fifty dollars. Any such person shall be provided the option of attending up to eight hours of drug education or counseling in lieu of the fine.

(7) Any person currently serving a sentence for a conviction, whether by trial or open or negotiated plea, who would not have been guilty of an adult or juvenile offense, or who would have been guilty of a lesser adult or juvenile offense had sections 1 and 2 of this article been in effect at the time of the offense, may petition for a recall or dismissal of sentence before the trial court that entered the judgement of conviction in the person's case to request resentencing or dismissal consistent with sections 1 and 2 of this article with credit for time and supervision period already served and such petition shall be granted. This shall not apply to offenses while operating a commercial motor vehicle as defined in 49 CFR 390.5 in interstate or intrastate transportation unless otherwise exempted as found in § 307.400 R.S.Mo.

(8) A person arrested, charged, or found guilty, whether by trial or open or negotiated plea, for any offense that is no longer a crime after the effective dates of sections 1 and 2 of this article may apply for expungement upon the effective date of this section and such expungement shall be granted and the records expunged from all government records absent good cause for denial. The effect of such order shall be to restore such person to the status the person occupied prior to such arrest, plea or conviction and as if such event had never taken place. No person for whom such order has been entered shall be held thereafter under any provision of any law to be guilty of perjury or otherwise giving a false statement by reason of the person's failure to recite or acknowledge such arrest, plea, trial, conviction, or expungement in response to any inquiry made of the person for any purpose whatsoever, and no such inquiry shall be made for information relating to an expungement. This shall not apply to offenses while operating a commercial motor vehicle as defined in 49 CFR 390.5 in interstate or intrastate transportation unless otherwise exempted as found in § 307.400 R.S.Mo.

(9) A person shall not be denied adoption, custody, or visitation rights relative to a minor solely for conduct that is permitted by this section, unless the person's behavior is such that granting the rights is not in the best interests of the child, as determined by other applicable law and procedures.

(10) No person shall be denied access to or priority for an organ transplant for conduct that is permitted by this section.

11. Severability.

The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.

12. Effective Date.

The provisions of this section shall become effective on December 3, 2020, as provided by this Constitution.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-128)

Subject

Initiative petition from Deirdre Hirner regarding a proposed constitutional amendment to Article XIV of the Constitution of Missouri. (Received November 5, 2019)

Date

November 25, 2019

Description

This proposal would amend Article XIV of the Constitution of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Missouri Veterans Commission, Missouri Office of Prosecution Services, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern**

State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, and **Truman State University.**

Mark R. Reading provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may be required to request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated a total estimated net effect on all state funds of $0 for fiscal year 2020, $0 for fiscal year 2021, and $0 for fiscal year 2022.

Officials from the **Department of Higher Education and Workforce Development** indicated no impact for their department for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated increased operating costs to the Veterans Infrastructure and Health Fund of $1,605,331 in fiscal year 2021, $5,541,694 in fiscal year 2022, and $14,219,361 in fiscal year 2023. Of these costs, $77,049 are one-time costs in fiscal year 2021 for office furniture and equipment, $508,624 are one-time costs in fiscal year 2022 for office furniture, equipment, and application scoring costs, and $6,483,964 are one-time costs in fiscal year 2023 for office furniture, equipment, contracted attorney fees, and application scoring costs.

Space for thirty-nine additional staff will be required by fiscal year (FY) 2023: 39 full-time employees (FTE) x 230 sq. ft. x &18.00 = $161,460. These staff will be located in Jefferson City. An additional thirty FTE are assumed to be telecommuters.

This will create new small business opportunities and all the costs associated with a new business, along with the associated licensing fees.

At the time of submission Office of Administration - Information Technology Services Division (ITSD) had not provided a response.

The proposed legislation amends Section 1 of Article XIV and enacts one new section to be known as Section 2 of Article XIV regarding adult use marijuana legalization,

regulation, and taxation. The new law stipulates the minimum number of facilities to be licensed and the application and operation fees associated with each type of facility. It is assumed sales of marijuana will begin in FY 2023, increasing state revenue through the collection of a fifteen percent sales tax levied on the retail sale of adult use marijuana sold to consumers.

Office of General Counsel:

The proposed changes to this legislation will require the Department of Health and Senior Services to aid the program in building all the rules, pre-licensing, preparing required forms, and litigation on any legal challenges for denial of licenses through the Missouri court system. Based on our experience with medical marijuana facility license applications, we assume a similar number of facility license applications will be received for potentially even fewer available licenses. To defend the denial of an estimated 2,000 licenses, the department will temporarily contract with attorneys and support staff for a period of approximately 18 – 24 months. The total estimated amount of these contracts is $5,300,000. In addition, the department would require the following staff:

Three full-time attorneys (average annual salary of $75,000) would be needed to assist in reviewing records and defending the department in anticipated trials from denied licenses due to the limited number allowed to be issued. Two Attorneys would be needed for fiscal year 2021 with a third FTE Attorney added in fiscal year 2022, and maintaining the three Attorneys for the third year of fiscal year 2023.
Additional duties include:

- Reviewing requests for records (sunshine and/or subpoenas)
- Coordinating and advising with Medical Marijuana staff to determine whether the Department has records responsive to requests
- Review of individual records
- Determining appropriate response
- Responding to requestor
- Drafting/filing motions to quash subpoenas when necessary
- Possible referrals to AGO
- Representing the department in any court room activities resulting from this change in legislation

In addition, one support staff would be required to assist the three attorneys in the paperwork required for these court cases.

For the purposes of this fiscal note, they assumed temporary contracts would be necessary for attorneys, paralegals, and support staff to defend the denial of an estimated 2,000 licenses. The length of these contracts is estimated for a period of approximately 18 – 24 months, at an estimated total cost of $5,300,000, to cover any litigation associated with these denials. The three full-time attorneys and one support staff needed to handle the on-going costs of this proposed legislation would indeed be on-going with no estimate of any end date. Within the parameters of the assumptions used for this response, at this time,

there are no other anticipated temporary or other costs for this proposed legislation from the Office of General Counsel.

Division of Regulation and Licensure (DRL):

Section 1 of Article XIV includes minor changes that will cause some adjustment to the operations of the Section for Medical Marijuana (SMMR), but those changes have no fiscal impact. Section 2 of Article XIV requires creation of a new program for the regulation of adult use marijuana. This new program will share some employees and resources with the current SMMR. For purposes of this fiscal note, the new, combined program will be called the Section for Marijuana Regulation (SMR).

Section 2 of Article XIV requires implementation of adult use marijuana in several phases over the course of three years. Much of the regulatory structure mandated in Section 2 mirrors that in Section 1; thus, some efficiencies can be captured by merging this new program with the existing SMMR. However, the regulations and businesses to be licensed for the new program are different enough from the SMMR regulations and businesses that some functions, particularly on the compliance side, will need to be expanded significantly. Furthermore, assuming similar licensing functions for the new program (initial applications with applications for changes to businesses following licensure), the licensing needs of the new program will double those of the existing program as several waves of new licensing processes will occur at regular intervals, including for a new class of marijuana businesses. With each new wave, facility agent application processing will increase.

In addition to staffing needs, the new program will necessitate new or amended contracts for IT solutions and application scoring. All new adult use businesses will have application requirements different from medical marijuana businesses, which must be built within the existing IT solution for Missouri marijuana regulation or through a new IT solution. While the bulk of the initial wave of licensing for adult use will not require scoring applications, microbusiness applications will likely require scoring at each stage of licensing, and in the third year, it appears scoring will be necessary for all new facilities of any type.

The following are the estimates of costs associate with the staffing and contractual needs outlined above.

YEAR 1

Between December 2020 and December 2021, the SMR will begin program build out, draft and file rules, draft and issue Request for Proposals (RFPs) or contract amendments for IT solutions, and begin pre-licensing functions, including public outreach/response.

To cover program implementation, pre-licensing, and public outreach/response in the first year, the SMR will require additional staff. The following positions will be hired as of January 2021:

- One Planner IV with an annual salary of $55,000, job duties will include oversight of contracts, procurement, and website and supervisory responsibilities;

- One Planner II with an annual salary of $45,000, job duties will be consistent with that of the Planner IV to a lesser degree;
- Four Special Assistant Professionals with an annual salary of $45,000, job duties will be to function as facility licensing specialists and process applications and renewals;
- Five Health Program Representative IIs with an annual salary of $40,000 job duties will be Facility Agent ID's and handle public assistant calls; and
- Two Administrative Office Support Assistants with an annual salary of $38,000, to provide support for the above staff.

Due to the increase supervisory and oversight responsibilities, salaries to existing staff will be studied and adjustments will be made when deemed appropriate.

The current contract for IT solutions will need to be continued and expanded. The estimated cost for year one is $769,000.

YEAR 2

The SMR will continue program build-out and begin accepting facility applications in December 2021 and will have 150 days to approve or deny all applications. For 348 licenses, applications will be reviewed for minimum qualifications, but no scoring will be necessary. For 48 licenses (the microbusiness licenses), applications will be reviewed for minimum qualifications and scoring will be necessary. Facilities may begin operating sometime after May 2022. Facility agent applications and oversight will increase when the new facilities begin operating. The SMR will also draft and issue RFPs or contract amendments for application scoring in Year 2.

To cover program implementation and oversight, public outreach/response, facility agent applications and oversight, and compliance/enforcement functions for a new regulatory structure with up to 396 new facility licenses (not counting additional, new license types added as needed), the SMR will require additional staff. The following positions will be hired as of July 2021:

- Three Investigation Managers with an annual salary of $65,000, job duties to include supervision of additional investigative staff;
- Three Investigator IIIs with an annual salary of $60,000, job duties to be to inspect and investigate facilities throughout the state and provide oversight to Investigator II's;
- Seventeen Investigators II with an annual salary of $50,000, job duties to include inspecting and investigating facilities across the state;
- One Planner II with an annual salary of $45,000, job duties to include oversight on additional contracts and regulations;
- Five Health Program Representatives II with an annual salary of $40,000, job duties to provide public assistance and facilitate increase activity for facility agent ID applications. and
- Two Administrative Office Support Assistants with an annual salary of $38,000, to provide support for the above additional staff.

The Investigators are assumed to be telecommuters and are expected to travel extensively; it is assumed that the travel cost will be $10,118 annually for all investigative staff.

It is assumed application scoring will cost approximately $200,000 in Year 2. This estimate is based on the current SMMR contract, assuming a new contract will be necessary and assuming there will be four times the number of applications received as there are licenses available for microbusinesses (based on experience in 2019).

The current contract for IT solutions will need to be continued and expanded. The estimated cost for year two is $518,599.

Section 6 (iii) requires the Department to provide grants to existing agencies and not-for-profit organizations to increase access to evidence-based low barrier drug addiction treatment, and to support reintegrating those with substance abuse disorders, by supporting job placement, housing and counseling. The Division of Regulation and Licensure's Financial Services Unit (FSU) will require additional personnel to oversee the grant processes, as well as provide overall support to the additional SMR staff. The FSU will require one Planner III at an annual salary of $60,000, one Executive II with an annual salary of $40,000, and one Senior Office Support Assistant with an annual salary of $27,851. All FSU staff are assumed to start in July 2021.

YEAR 3

The SMR will continue program build-out and receive applications for an additional 48 microbusinesses in January 2023, which will likely require both minimum qualification review and scoring. Licensing of new business of all types will begin in November 2023, requiring minimum qualification review and scoring. Facility agent applications and oversight will increase when new facilities begin operating.

To cover public outreach/response, facility agent applications and oversight, and additional increases in compliance/enforcement functions for new facility licenses, the SMR will require additional staff. The following positions will be hired as of July 2022:

- Two Investigator IIIs with an annual salary of $60,000;
- Eight Investigators II with an annual salary of $50,000;
- Four Special Assistant Professionals with an annual salary of $45,000;
- Three Health Program Representative IIs with an annual salary of $40,000; and
- One Administrative Office Support Assistant with an annual salary of $38,000.

All job duties consistent with previous staff.

The Investigators are assumed to be telecommuters and are expected to travel extensively; it is assumed that the travel cost will be $10,118 annually for all investigative staff.

It is assumed application scoring will cost approximately $2,200,000 in Year 3. This estimate is based on the current SMMR contract, assuming a new contract will be necessary and assuming there will be four times the number of applications received as there are

licenses available for microbusinesses, and assuming the scoring expense for new marijuana business applications of all types will be similar to 2019 SMMR experience for expenses.

The IP implies a duty to reopen application periods when licenses become available. There is also the option to issue additional licenses indefinitely. And whenever there are more applicants than licenses available, DRL will have to have them scored. DRL would assumes that the ongoing costs would be approximately $1,110,000 for application scoring. We do not have any other one-time costs except for the office furniture/equipment.

The current contract for IT solutions will need to be continued and expanded. The estimated cost for year three is $518,599.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact of costs savings of $0 in fiscal year 2020, $192,382 in fiscal year 2021, $1,324,322 in fiscal year 2025, and $1,364,701 by fiscal year 2027.

The estimate of the impact of this amendment is determined by a standard response of looking at persons committed for marijuana-only offenses. In 2018, thirty people were incarcerated and 383 given probationary terms of cannabis-only violations. The average sentence is 7.0 years with 0.9 served before first release; the average probationary term is three years.

Passage of Initiative Petition (IP) 2020-128 is estimated to result in 30 fewer persons incarcerated and 383 fewer persons entering probationary supervision per year in their department. The full impact of the bill occurs in fiscal year (FY) 2028 with 90 fewer persons incarcerated and 1,269 fewer persons on field supervision. This results in a reduction of 10 (Probation and Parole) P&P officers by FY2026. Their department cost of incarceration in $17.224 per day or an annual cost of $6,287 per offender. Their department cost of probation or parole is determined by the number of P&P Officer II positions that would be needed to cover the new caseload.

Officials from the **Department of Labor and Industrial Relations** indicated this fiscal note has no fiscal impact on their department.

Officials from the **Department of Revenue** indicated:

Section 1.3 states that all public records produced or retained pursuant to this section are subject to the general provisions of Missouri's Sunshine Law. Thus, information obtained from an applicant or licensee are subject to closure.

Section 1.3 also states that qualifying patients under this section shall obtain an identification card which shall be valid for three years and may be renewed with a new physician's certification. The Department recognizes that the fee of twenty-five dollars per year per card remains the same, and does not anticipate a fiscal impact.

Section 1.3 also states that primary caregiver's identification cards shall be valid for three years. Furthermore, the fee for a primary caregiver's identification card has been increased from twenty-five dollars to seventy-five dollars. The Department recognizes that the fee, as it is written today, reads that it shall be twenty-five dollars per year. This initiative petition increases the fee to seventy-five dollars every three years. The total revenue gained, in totality, then, should not change, but the state could recognize changes in cash flow with the fee being paid by primary caregivers every three years instead of one. The Department defers to the Department of Health and Senior Services to estimate the impact to state cash flows.

Section 1.5 awards non-resident of Missouri patients the ability to purchase marijuana for medical purposes from a medical marijuana dispensary facility as permitted by this section. The Department recognizes that if out of state residents purchase medical marijuana in Missouri that the Missouri Veterans' Health and Care fund could increase as well as state and local sales and use taxes. The Department provides an unknown impact for this section, though, as the number of outside residents purchasing marijuana in Missouri cannot truly be estimated.

Section 2.1 states that recreational marijuana shall be legal for individuals aged twenty one and above.

Section 2.3 states that this section shall not require any employer to permit or accommodate conduct otherwise allowed by this section in or on any workplace or employer's property.

Section 2.4 states the Department of Health and Senior Services shall issue, at a minimum, the same number of marijuana cultivation facilities under Section 1 (medical marijuana), the same number of marijuana-infused products manufacturing facilities licenses as are issued for medical marijuana infused products manufacturing facilities, the same number of marijuana dispensary facility licenses as are issued to medical marijuana dispensary facilities, and a minimum number of marijuana microbusiness licenses are allowed for medical marijuana; stating that marijuana microbusiness licenses may be awarded to applicants of marijuana microbusinesses that is at least fifty percent owned by natural persons who qualified as economically disadvantaged owners or disabled veterans at the time they applied and received their licenses.

The Department recognizes that Section 1 (medical marijuana) allows for a minimum of 60 cultivation facility licenses, 86 marijuana-infused product facilities, and 192 dispensary

licenses. The number of marijuana microbusiness licenses would be issued over a period of time, as any other licenses allowed fall short of the minimum required.

The Department estimates the following minimum impact for Section 2.4:

Chart 1

Facility Type	Application Fee/Renewal Fee		Annual Fee	Minimum Number of Licenses	Estimated Revenue (Minimum)		
					Application Fee	Renewal Fee	Annual Fee
	Valid for 3 years	Year 4 and Thereafter					
Marijuana Cultivation Facility	$12,000	$5,000	$25,000	60	$720,000	$300,000	$1,500,000
Dispensary	$7,000	$3,000	$10,000	192	$1,344,000	$576,000	$1,920,000
Marijuana Infused Product Facility	$7,000	$3,000	$10,000	86	$602,000	$258,000	$860,000
Marijuana Microbusiness	$1,500	$2,500	$2,500	96	$144,000	$240,000	$240,000

Section 2.5 states that a local government may prohibit the operation of all non-medical retail marijuana facilities regulated under this section from being located within its jurisdiction through voter approval of a ballot question submitted to such voters of such local government.

Section 2.6 of this initiative petition states that a tax equal to 15% of the retail price of non-medical marijuana sold to consumers shall be levied. Furthermore, the Department recognizes that Section 2.6 states that the tax levied is separate from and in addition to any general state and local sales and use tax(es) that apply to retail sales – which will be collected upon the retail sales to consumers.

The Department observed data published by Marijuana Business Daily that projects U.S. retail marijuana sales to 2023, including both medical marijuana retail sales and recreational marijuana retail sales, shown separately (please see Chart 2).

Chart 2

Year	Medical U.S. Cannabis Retail Sales		Recreational U.S. Cannabis Retail Sales		Total U.S. Cannabis Retail Sales	
	Low	High	Low	High	Low	High
2018	$3,300,000,000	$3,800,000,000	$5,300,000,000	$6,200,000,000	$8,600,000,000	$10,000,000,000
2019	$4,200,000,000	$5,200,000,000	$7,000,000,000	$8,500,000,000	$11,200,000,000	$13,700,000,000
2020	$5,500,000,000	$6,800,000,000	$10,200,000,000	$12,200,000,000	$15,700,000,000	$19,000,000,000
2021	$6,400,000,000	$7,800,000,000	$13,000,000,000	$15,700,000,000	$19,400,000,000	$23,500,000,000
2022	$6,700,000,000	$8,300,000,000	$15,700,000,000	$19,100,000,000	$22,400,000,000	$27,400,000,000
2023	$6,900,000,000	$8,400,000,000	$18,100,000,000	$22,000,000,000	$25,000,000,000	$30,400,000,000

https://mjbizdaily.com/exclusive-us-retail-marijuana-sales-on-pace-to-rise-35-in-2019-and-near-30-billion-by-2023/

Using the "Total U.S. Cannabis Retail Sales column(s) from Chart 2, the Department calculated, for both high and low estimates, the estimated increase in total U.S. marijuana

retail sales for each year in order to calculate an the average increase recognized each year so that the Department could estimate retail sales through Year 2030. The Department recognized the following estimated increases in U.S. marijuana retail sales, as they were estimated by Marijuana Business Daily, between 2018 and 2023:

Chart 3

Year	Percent Difference/Increase (Using Total U.S. Marijuana Retail Sales – Chart 2)	
	Low	High
2019	30.23%	37%
2020	40.18%	39%
2021	23.57%	24%
2022	15.46%	17%
2023	11.61%	11%
Average Percent Difference/Increase	**24%**	**25%**

The Department used the average percent difference (increase) calculated from Chart 3 to estimate the total U.S. marijuana retail sales through Year 2030:

Chart 4

Year	Total Estimated U.S. Cannabis Retail Sales 2018-2030	
	Low	High
2018	$8,600,000,000	$10,000,000,000
2019	$11,200,000,000	$13,700,000,000
2020	$15,700,000,000	$19,000,000,000
2021	$19,400,000,000	$23,500,000,000
2022	$22,400,000,000	$27,400,000,000
2023	$25,000,000,000	$30,400,000,000
2024	$31,052,453,447	$38,116,431,496
2025	$38,570,194,602	$47,791,524,670
2026	$47,907,966,892	$59,922,446,584
2027	$59,506,396,466	$75,132,560,206
2028	$73,912,784,241	$94,203,456,716
2029	$91,806,931,670	$118,115,118,571
2030	$114,033,218,871	$148,096,277,158

The Department, then, using Chart 2, calculated the estimated percent of medical marijuana retail sales (medical marijuana retail sales / total U.S. marijuana retail sales) and the estimated percent of recreational marijuana retail sales (recreational marijuana retail sales / total U.S. marijuana retail sales), for both low and high estimates:

Chart 5

Year	Percent of Medical	Percent of Medical	Percent of Recreational	Percent of Recreational
	Low	High	Low	High
2018	38%	38%	62%	62%
2019	38%	38%	63%	62%
2020	35%	36%	65%	64%
2021	33%	33%	67%	67%
2023	30%	30%	70%	70%
2023	28%	28%	72%	72%
Average Percent	**34%**	**34%**	**66%**	**66%**

The Department recognized that the estimated medical marijuana retail sales results to 34 percent of the total U.S. marijuana retail sales and recreational marijuana retail sales results in 66 percent of the total U.S. marijuana retail sales.

The Department applied the percentages estimated in Chart 5 to Chart 4 to determine the U.S. Cannabis Retail Sales, from 2018 to 2030, separated by medical marijuana retail sales and recreational marijuana retail sales:

Chart 6

Year	Total Estimated U.S. Cannabis Retail Sales		Medical Sales (Low)	Recreational Sales (Low)	Medical Sales (High)	Recreational Sales (High)
	Low	High	34%	66%	34%	66%
2018	$8,600,000,000	$10,000,000,000	$2,924,000,000	$5,676,000,000	$3,400,000,000	$6,600,000,000
2019	$11,200,000,000	$13,700,000,000	$3,808,000,000	$7,392,000,000	$4,658,000,000	$9,042,000,000
2020	$15,700,000,000	$19,000,000,000	$5,338,000,000	$10,362,000,000	$6,460,000,000	$12,540,000,000
2021	$19,400,000,000	$23,500,000,000	$6,596,000,000	$12,804,000,000	$7,990,000,000	$15,510,000,000
2022	$22,400,000,000	$27,400,000,000	$7,616,000,000	$14,784,000,000	$9,316,000,000	$18,084,000,000
2023	$25,000,000,000	$30,400,000,000	$8,500,000,000	$16,500,000,000	$10,336,000,000	$20,064,000,000
2024	$31,052,453,447	$38,116,431,496	$10,557,834,172	$20,494,619,275	$12,959,586,708	$25,156,844,787
2025	$38,570,194,602	$47,791,524,670	$13,113,866,165	$25,456,328,437	$16,249,118,388	$31,542,406,282
2026	$47,907,966,892	$59,922,446,584	$16,288,708,743	$31,619,258,149	$20,373,631,838	$39,548,814,745
2027	$59,506,396,466	$75,132,560,206	$20,232,174,798	$39,274,221,667	$25,545,070,470	$49,587,489,736
2028	$73,912,784,241	$94,203,456,716	$25,130,346,642	$48,782,437,599	$32,029,175,283	$62,174,281,432
2029	$91,806,931,670	$118,115,118,571	$31,214,356,768	$60,592,574,902	$40,159,140,314	$77,955,978,257
2030	$114,033,218,871	$148,096,277,158	$38,771,294,416	$75,261,924,455	$50,352,734,234	$97,743,542,924

The Department recognizes that medical marijuana will be accounted for pursuant to the passage of Amendment 2 of 2018 and that this initiative petition states that a "tax shall be levied upon the retail sale of *non-medical marijuana*…" Thus, the Department has removed the medical marijuana retail sales from the projections moving forward:

Chart 7

Year	Total Estimated U.S. Cannabis Retail Sales		Recreational Sales (Low)	Recreational Sales (High)
	Low	High	66%	66%
2018	$8,600,000,000	$10,000,000,000	$5,676,000,000	$6,600,000,000
2019	$11,200,000,000	$13,700,000,000	$7,392,000,000	$9,042,000,000
2020	$15,700,000,000	$19,000,000,000	$10,362,000,000	$12,540,000,000
2021	$19,400,000,000	$23,500,000,000	$12,804,000,000	$15,510,000,000
2022	$22,400,000,000	$27,400,000,000	$14,784,000,000	$18,084,000,000
2023	$25,000,000,000	$30,400,000,000	$16,500,000,000	$20,064,000,000
2024	$31,052,453,447	$38,116,431,496	$20,494,619,275	$25,156,844,787
2025	$38,570,194,602	$47,791,524,670	$25,456,328,437	$31,542,406,282
2026	$47,907,966,892	$59,922,446,584	$31,619,258,149	$39,548,814,745
2027	$59,506,396,466	$75,132,560,206	$39,274,221,667	$49,587,489,736
2028	$73,912,784,241	$94,203,456,716	$48,782,437,599	$62,174,281,432
2029	$91,806,931,670	$118,115,118,571	$60,592,574,902	$77,955,978,257
2030	$114,033,218,871	$148,096,277,158	$75,261,924,455	$97,743,542,924

Based on a report published by the Substance Abuse and Mental Health Services Administration, in 2018, 34.8 percent of individuals surveyed, within the United States, aged 18-25 used marijuana in the past year and 13.3 percent of individuals surveyed, within the United States, aged 26 and older used marijuana in the past year.

The Henry Kaiser Family Foundation (KFF) states that there are approximately 240,903,600 individuals in the United States aged 19 and above. Separating the population by age, there are approximately 28,348,600 individuals within the United States between the ages of 19 and 25 and approximately 212,555,000 individuals within the United States aged 26 or above.

Using the data published by the Substance Abuse and Mental Health Services Administration in conjunction with the age demographics published by the KFF, approximately 9,865,313 (28,348,600 x 34.8%) individuals in the United States aged between 19 and 25 and 28,269,815 (212,555,000 x 13.3%) individuals in the United States aged 26 and older that have used marijuana in the past year.

A data search with Missouri Census Data Center states that there are approximately 566,385 individuals in Missouri aged 18 -24 and approximately 4,183,237 individuals in Missouri aged 25 and older, with a total of 4,749,622 individuals aged 18 or above.

Using the data published by the Substance Abuse and Mental Health Services Administration in conjunction with the Missouri Census Data Center statistics, 197,102 (566,385 x 34.8%) Missourians aged 18-24 and 556,370 (4,183,237 x 13.3%) Missourians aged 25 and above have used marijuana in the past year.

*The Department notes that, due to the difference in the age groups defined between the Substance Abuse and Mental Health Services Administration and the Missouri Census Data Center, that the revenue forecasts for Missouri is understated slightly, as individuals aged 25 in Missouri are included within the projections using the lower percent of 13.3% and not 34.8% - whereas individuals aged 25 were included within the 34.8% stated by the Substance Abuse and Mental Health Services Administration. Also, due to the differences in the age groups defined between the Henry Kaiser Family Foundation and the Missouri Census Data Center, the revenue forecasts for Missouri is slightly overstated slightly, as individuals aged 18 are not included in the Henry Kaiser Family Foundation data but is included and accounted for in the Missouri Census Data Center data. The Department assumes, due to these acknowledgements just mentioned, that a "wash" could occur – reporting more accurate data than not.

Comparing the United States individuals to Missouri individuals who have used marijuana in the past year, the Department estimates Missouri's marijuana market share of total U.S. marijuana retail sales to be approximately 1.98% (estimated Missouri total population aged 18 and above using marijuana in the past year / total U.S. population aged 18 and above using marijuana in the past year percent of the total marijuana market within the United States – (197,102 + 556,370) / (9,865,313 + 28,269,815)).

Therefore, the Department refers back to the total Estimated U.S. Cannabis Retail Sales 2018-2030 from Chart 7, to forecast Missouri's recreational marijuana market/retail sales:

Chart 8

Missouri's Recreational Marijuana Market (1.98%)	
Low	**High**
$112,384,800	$130,680,000
$146,361,600	$179,031,600
$205,167,600	$248,292,000
$253,519,200	$307,098,000
$292,723,200	$358,063,200
$326,700,000	$397,267,200
$405,793,462	$498,105,527
$504,035,303	$624,539,644
$626,061,311	$783,066,532
$777,629,589	$981,832,297
$965,892,264	$1,231,050,772
$1,199,732,983	$1,543,528,369
$1,490,186,104	$1,935,322,150

The Department recognizes that Section 2.4 states that the Department of Health and Senior Services shall begin accepting facility applications within 365 days of December 3, 2020 (effective date of Section 2) and must allow application approvals within one-hundred eighty days after application submissions. The Department believes that the sale of recreational marijuana would not begin until June 2022.

When applying the state sales tax, the 15 percent excise tax, and weighted average local tax rate to Missouri's recreational marijuana market, as shown in Chart 7, the Department estimates the following increases, including both low and high estimates, for the following tax years:

Chart 9

Estimated Impact to TSR (Low) - Tax/Calendar Year							
Year	**General Revenue**	**Education**	**Conservation**	**Parks and Soil**	**Total TSR (4.225% State Sales Tax**	**Veterans, Infrastructure and Health Fund**	**Local Tax**
	3%	**1%**	**0.125%**	**0.10%**		**15%**	**3.93%**
TY 21	$0	$0	$0	$0	$0	$0	$0
TY 22	$5,122,656	$1,707,552	$213,444	$170,755	$7,214,407	$25,613,280	$6,710,679
TY 23	$9,801,000	$3,267,000	$408,375	$326,700	$13,803,075	$49,005,000	$12,839,310
TY 24	$12,173,804	$4,057,935	$507,242	$405,793	$17,144,774	$60,869,019	$15,947,683
TY 25	$15,121,059	$5,040,353	$630,044	$504,035	$21,295,492	$75,605,295	$19,808,587
TY 26	$18,781,839	$6,260,613	$782,577	$626,061	$26,451,090	$93,909,197	$24,604,210
TY 27	$23,328,888	$7,776,296	$972,037	$777,630	$32,854,850	$116,644,438	$30,560,843
TY 28	$28,976,768	$9,658,923	$1,207,365	$965,892	$40,808,948	$144,883,840	$37,959,566
TY 29	$35,991,989	$11,997,330	$1,499,666	$1,199,733	$50,688,719	$179,959,947	$47,149,506
TY 30	$44,705,583	$14,901,861	$1,862,733	$1,490,186	$62,960,363	$223,527,916	$58,564,314

Chart 10

Estimated Impact to TSR (High) - Tax/Calendar Year							
Year	**General Revenue**	**Education**	**Conservation**	**Parks and Soil**	**Total TSR (4.225% State Sales Tax**	**Veterans, Infrastructure and Health Fund**	**Local Tax**
	3%	**1%**	**0.125%**	**0.10%**		**15%**	**3.93%**
TY 21	$0	$0	$0	$0	$0	$0	$0
TY 22	$6,266,106	$2,088,702	$261,088	$208,870	$8,824,766	$31,330,530	$8,208,599
TY 23	$11,918,016	$3,972,672	$496,584	$397,267	$16,784,539	$59,590,080	$15,612,601
TY 24	$14,943,166	$4,981,055	$622,632	$498,106	$21,044,959	$74,715,829	$19,575,547
TY 25	$18,736,189	$6,245,396	$780,675	$624,540	$26,386,800	$93,680,947	$24,544,408
TY 26	$23,491,996	$7,830,665	$978,833	$783,067	$33,084,561	$117,459,980	$30,774,515
TY 27	$29,454,969	$9,818,323	$1,227,290	$981,832	$41,482,415	$147,274,845	$38,586,009
TY 28	$36,931,523	$12,310,508	$1,538,813	$1,231,051	$52,011,895	$184,657,616	$48,380,295
TY 29	$46,305,851	$15,435,284	$1,929,410	$1,543,528	$65,214,074	$231,529,255	$60,660,665
TY 30	$58,059,664	$19,353,221	$2,419,153	$1,935,322	$81,767,361	$290,298,322	$76,058,160

The Department further recognizes that sales would begin one month before the end of Fiscal Year 2022. Based on historical sales tax collection data, the Department adjusts calendar year collections putting 50 percent into the first fiscal year and fifty percent into the second fiscal year. Thus, the Department estimates the following increases, including both low and high estimates, for the following fiscal years:

Chart 11

Estimated Impact to TSR (Low) - Fiscal Year							
Year	**General Revenue**	**Education**	**Conservation**	**Parks and Soil**	**Total TSR (4.225% State Sales Tax**	**Veterans, Infrastructure and Health Fund**	**Local Tax**
	3%	**1%**	**0.125%**	**0.10%**		**15%**	**3.93%**
FY 21	$0	$0	$0	$0	$0	$0	$0
FY 22	$731,808	$243,936	$30,492	$24,394	$1,030,630	$3,659,040	$958,668
FY 23	$9,291,348	$3,097,116	$387,139.50	$350,549.10	$13,126,153	$46,456,740	$12,171,665.88
FY 24	$10,987,401.92	$3,662,467.31	$457,808.41	$366,246.73	$15,473,924	$54,937,009.62	$14,393,496.52
FY 25	$13,647,431.47	$4,549,143.82	$568,642.98	$454,914.38	$19,220,133	$68,237,157.35	$17,878,135.23
FY 26	$16,951,449.22	$5,650,483.07	$706,310.38	$565,048.31	$23,873,291	$84,757,246.08	$22,206,398.47
FY 27	$21,055,363.51	$7,018,454.50	$877,306.81	$701,845.45	$29,652,970	$105,276,817.53	$27,582,526.19
FY 28	$26,152,827.80	$8,717,609.27	$1,089,701.16	$871,760.93	$36,831,899	$130,764,139.01	$34,260,204.42
FY 29	$32,484,378.71	$10,828,126.24	$1,353,515.78	$1,082,812.62	$45,748,833	$162,421,893.56	$42,554,536.11
FY 30	$40,348,786.31	$13,449,595.44	$1,681,199.43	$1,344,959.54	$56,824,541	$201,743,931.55	$52,856,910.06

Chart 12

Estimated Impact to TSR (High) - Fiscal Year							
Year	**General Revenue**	**Education**	**Conservation**	**Parks and Soil**	**Total TSR (4.225% State Sales Tax**	**Veterans, Infrastructure and Health Fund**	**Local Tax**
	3%	**1%**	**0.125%**	**0.10%**		**15%**	**3.93%**
FY 21	$0	$0	$0	$0	$0	$0	$0
FY 22	$895,158	$298,386	$37,298	$29,839	$1,260,681	$4,475,790	$1,172,657
FY 23	$11,329,956	$3,776,652	$472,081.50	$427,323.60	$16,006,013	$56,649,780	$14,842,242.36
FY 24	$13,430,590.90	$4,476,863.63	$559,607.95	$447,686.36	$18,914,749	$67,152,954.51	$17,594,074.08
FY 25	$16,839,677.57	$5,613,225.86	$701,653.23	$561,322.59	$23,715,879	$84,198,387.84	$22,059,977.61
FY 26	$21,114,092.65	$7,038,030.88	$879,753.86	$703,803.09	$29,735,680	$105,570,463.23	$27,659,461.37
FY 27	$26,473,482.43	$8,824,494.14	$1,103,061.77	$882,449.41	$37,283,488	$132,367,412.15	$34,680,261.98
FY 28	$33,193,246.04	$11,064,415.35	$1,383,051.92	$1,106,441.53	$46,747,155	$165,966,230.18	$43,483,152.31
FY 29	$41,618,687.13	$13,872,895.71	$1,734,111.96	$1,387,289.57	$58,612,984	$208,093,435.64	$54,520,480.14
FY 30	$52,182,757.79	$17,394,252.60	$2,174,281.57	$1,739,425.26	$73,490,717	$260,913,788.95	$68,359,412.71

Section 2.6 further states that all revenues gained under Section 2 shall be deposited into the Veterans, Infrastructure, and Health Fund. The Department believes that this would include all license fees, application fees, renewal fees, annual fees, and the 15 percent tax levied. The Department does not believe this would include the 4.225% state sales tax. The Department notes that monies in the Veterans, infrastructure, and Health Fund shall be distributed in the following manner:

a. Amounts necessary to cover any Department of Health and Senior Services costs related to the administration of Section 2.
b. Amounts necessary for the creation of a reserve fund within the Department of Health and Senior Services to ensure there is enough working capital to administer Section 2.
c. 3/15th of the remaining balance to any local jurisdiction with recreational marijuana sales.
d. Any remaining balance will then be distributed
    a. 1/3rd to the Missouri Veterans' Commission
    b. 1/3rd to the State Road Fund
    c. 1/3rd to the Department of Health and Senior Services for grants to non-profits and other agencies in relation to drug addiction treatment.

The Department is unable to determine the amounts necessary for the Department of Health and Senior Services to administer Section 2 and the amounts necessary for the reserve fund. The Department will show the maximum amount of sales tax related revenues that could be distributed if all administration fees and reserve fund needs were met by the facility licensing fees.

Chart 13

Maximum Distribution Amounts Based on 15% Tax Collections (Low)							
Fiscal Year	**Veterans, Infrastructure and Health Fund**	**DHSS Administrative Costs**	**DHSS Reserve Fund**	**Local Jurisdictions**	**Missouri Veterans' Commission**	**State Road Fund**	**DHSS Addiction Treatment Grants**
FY 21	$0	$0	$0	$0	$0	$0	$0
FY 22	$3,659,040	Unknown	Unknown	$731,808	$975,744	$975,744	$975,744
FY 23	$46,456,740	Unknown	Unknown	$9,291,348	$12,388,464	$12,388,464	$12,388,464
FY 24	$54,937,010	Unknown	Unknown	$10,987,402	$14,649,869	$14,649,869	$14,649,869
FY 25	$68,237,157	Unknown	Unknown	$13,647,431	$18,196,575	$18,196,575	$18,196,575
FY 26	$84,757,246	Unknown	Unknown	$16,951,449	$22,601,932	$22,601,932	$22,601,932
FY 27	$105,276,818	Unknown	Unknown	$21,055,364	$28,073,818	$28,073,818	$28,073,818
FY 28	$130,764,139	Unknown	Unknown	$26,152,828	$34,870,437	$34,870,437	$34,870,437
FY 29	$162,421,894	Unknown	Unknown	$32,484,379	$43,312,505	$43,312,505	$43,312,505
FY 30	$201,743,932	Unknown	Unknown	$40,348,786	$53,798,382	$53,798,382	$53,798,382

Chart 14

Maximum Distribution Amounts Based on 15% Tax Collections (High)							
Fiscal Year	**Veterans, Infrastructure and Health Fund**	**DHSS Administrative Costs**	**DHSS Reserve Fund**	**Local Jurisdictions**	**Missouri Veterans' Commission**	**State Road Fund**	**DHSS Addiction Treatment Grants**
FY 21	$0	$0	$0	$0	$0	$0	$0
FY 22	$0	Unknown	Unknown	$0	$0	$0	$0
FY 23	$4,475,790	Unknown	Unknown	$895,158	$1,193,544	$1,193,544	$1,193,544
FY 24	$56,649,780	Unknown	Unknown	$11,329,956	$15,106,608	$15,106,608	$15,106,608
FY 25	$67,152,955	Unknown	Unknown	$13,430,591	$17,907,455	$17,907,455	$17,907,455
FY 26	$84,198,388	Unknown	Unknown	$16,839,678	$22,452,903	$22,452,903	$22,452,903
FY 27	$105,570,463	Unknown	Unknown	$21,114,093	$28,152,124	$28,152,124	$28,152,124
FY 28	$132,367,412	Unknown	Unknown	$26,473,482	$35,297,977	$35,297,977	$35,297,977
FY 29	$165,966,230	Unknown	Unknown	$33,193,246	$44,257,661	$44,257,661	$44,257,661
FY 30	$208,093,436	Unknown	Unknown	$41,618,687	$55,491,583	$55,491,583	$55,491,583

As a result of the Department's inability to determine or estimate the administrative costs of the Department of Health and Senior Services and the amounts necessary for the reserve fund, the distribution(s) shown above are subject to change significantly.

Section 10 states that the adult use of recreational marijuana is not unlawful and further allows individuals who have been arrested, charged, or found guilty for any offense that would no longer be illegal after the effective date of Section 2 to apply for and be granted an expungement of their records specific to the aforementioned offenses. The Department defers to the Department of Corrections and the State Public Defender's Office to estimate the impact of Section 10.

Officials from the **Department of Public Safety - Office of Director** indicated they anticipate no impact. They also provided the following comments from Missouri State Highway Patrol officials.

Department of Public Safety - Division of Missouri State Highway Patrol indicated:

If this Amendment would be approved, it would result in a fiscal impact to the Criminal Record Systems Fund.

The Missouri Department of Health and Senior Services estimates that between 18,000 and 36,000 new fingerprint based criminal record checks will be performed in relation to the 348 medical marijuana facilities under Section 1 of Article XIV. The Patrol estimates that between $396,000.00 and $792,000.00 may be deposited in the Criminal Record System Fund as a result of the background check requirements in Section 2. For purposes of this response, the Patrol assumes it will perform 36,000 checks. Using these same figures for

the marijuana facilities licensed as identified in Section 2 of Article XIV, the Patrol estimates the following fiscal impact.

The state fee for a fingerprint based criminal record check is $20.00 per request.
The federal fee for a fingerprint based criminal record check is $13.25 per request, of which, the CJIS Division retains $2.00 of the federal fee. This equates to $22.00 of the total state and federal fingerprint background check fee that is retained in the Criminal Record System Fund per request.

State and Federal Fingerprint Fee Schedule
State Fee = $20.00
Federal Fee = $13.25
Total State and Federal fee = $33.25
Vendor Fee (if applicable) = $8.50
Total State and Federal with Vendor fee = $41.75
Total Retained in the Criminal Record System Fund = $22.00

Meanwhile, the Patrol's Criminal Justice Information Services Division (CJIS) processes all requests for expungements for criminal history records, and the requests are processed by a CJIS Technician. This person reviews criminal history records, contacts agencies associated with the arrests or convictions, and collects all necessary data for court orders.

As of September 2019, there were 234,808 marijuana related arrest charges in the Central Repository. The expungement process takes approximately 90 minutes, so 1 FTE could handle 1,243 expungements per year.

- 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.
- 111,840 minutes per year / 90 minutes per expungement = 1,243 expungements per year per FTE
- 234,808 records / 1,243 per FTE per year = 189 FTE

Additionally, the Patrol Records Division (PRD) processes all petitions and court orders relating to expungement of marijuana related traffic arrests.

There are currently 113,922 traffic arrest records in the system. The expungement process takes approximately 30 minutes, so 1 FTE could handle 3,728 expungements per year.

- 111,840 minutes per year / 30 minutes per expungement = 3,728 expungements per year per FTE
- 113,922 records / 3,728 per FTE per year = 31 FTE

The Patrol would also need to replace all 10 of its canines. The Patrol's canines are currently trained using Cannabis/Marijuana as one of the drugs to which they alert. If this initiative were to pass, each canine would have to be retired and replaced. The purchase and initial training for a canine is approximately $22,000. Since the Patrol contracts its canine training, the time to train all 10 canines could take up to 3 years.

As a result, the anticipated total initial cost to the Patrol will be approximately **$13,476,898**, as follows:

$12,730,318	Salary and fringe benefits for 189 CJIS Technicians and 31 PRD Technicians
$1,318,580	Expense and Equipment, including rental space, janitorial for the 220 FTE
$220,000	Cost of replacing and training 10 canines
($792,000)	Fee collected from fingerprinting/added to CRS Fund
$13,476,898	Total Cost

With the time involved in hiring and training FTE and processing expungements the Patrol anticipates this being a 2-year project, after which time the FTE would be terminated.

Missouri State Highway Patrol - Comments and Concerns

While the Initiative Petition has the appropriate wording, the FBI does not recognize an Amendment to Missouri's Constitution by means of an Initiative Petition as meeting Public Law 92-544 criteria to authorize a federal fingerprint based criminal record check. If a Constitutional Amendment were to pass by means of the Initiative Petition process, the Patrol recommends that the Department of Health and Senior Services seek specific legislation to ensure the state and federal fingerprint based criminal record check is properly authorized.

In 2009, Colorado traffic fatalities involving drivers testing positive for marijuana represented 9% of the total traffic fatalities. Recreational marijuana use was legalized in 2012. By 2016, that number more than doubled to 21%.

Marijuana-related traffic deaths increased 66% in the four-year average (2013-2016) since Colorado legalized recreational marijuana compared to the four-year average (2009-2012) prior to legalization.

Marijuana-related deaths when a driver tested positive for marijuana more than doubled from 55 deaths in 2013 to 125 deaths in 2016.

The yearly number of marijuana related hospitalizations increased 72% after the legalization of marijuana, (2009-2012) vs. (2013-2016).

Colorado youth past month marijuana use for 2014/2015 was 55% higher than the national average.

The average THC levels in marijuana has increased significantly over the years: 1969-0.8%, 1995-4%, 2013-13%; 2017-20+%; Oil, 1995-13%, 2013-52%; highest Plant 38%, highest oil 95%+.

In Missouri, medical marijuana was legalized by Amendment 2 and took effect December 2018. As of June 10, 2019, 12 states have legalized recreational marijuana and 29 states have legalized medical marijuana. In a roadside 2013-2014 NHTSA roadside survey, 20% of the nighttime and weekend drivers tested positive for drugs. Interestingly, the number of daytime drugged drivers was approximately the same amount as night and weekend drugged drivers. A roadside study in Colorado and Washington, the first two states to legalize marijuana for recreational use, showed the primary increase of marijuana users happened to their daytime drivers. The percent of drivers that tested positive for marijuana during the day went from 8%, before recreational marijuana sales, to 23%, 6-12 months after marijuana was legalized. There was a 48% increase in weekend nighttime drivers testing positive for THC or 11-OH-THC (an active metabolite of THC) from 2007 to 2014.

Montana legalized medical marijuana in 2004 and from 2007-2010, the presence of marijuana in DUI suspects increased over 100%. Also, the number of DUI suspects who tested positive for alcohol and marijuana increased by over 180%.

Medical marijuana has been legal in the state of Colorado since 2000. On November 12, 2012, the state of Colorado passed Amendment 64, which legalized private use of marijuana. Per the Colorado State Patrol's driving under the influence statistics, marijuana DUI citations increased 25.5% from 2014 to 2018 and marijuana and alcohol citations increased 112% in the same time range. As marijuana becomes legalized, its use increases.

The three years after Colorado legalized marijuana for recreational use (2013-2015), its use increased in youth ages 12-17, by 12%, in young adults aged 18-25 by 16%, and adults 26 in older by 71%. By removing the recommended acceptable ages of use, zoning regulations, packaging, and advertising of cannabis/marijuana, the risk of use and abuse of marijuana by the youth of Missouri is substantially increased. This category of Missourians, who recent studies have shown significant long-term cognitive impairment when marijuana is ingested during the developmental years, would be affected.

2(7) The Patrol recommends replacing the word "specifically" with "which has, is or can be used in. . ." There are many items, products, and chemicals that can be used with marijuana, but are not developed specifically for marijuana. (page 14)

3(1)(d) The Patrol recommends replacing the word "intoxicated" with "impaired. (page 15)

3(3) The Patrol recommends replacing the word "intoxicated" with "impaired". (page 15)

4(24) The Patrol recommends addressing the need to prohibit the importation of marijuana from outside Missouri. (page 22)

9(1)(b) There is no definition for what qualifies as a non-violent crime. This information would be critical for the Department of Health and Senior Services in determining a disqualifying felony offense. In addition, there are no provisions for conducting criminal background checks under section nine. (page 25)

9(5) This section specifies the type of container the marijuana is required to be sold in, however, there are no provisions or requirements about the marijuana remaining in the same packaging one the sale to an individual has been made. The Patrol recommends language requiring marijuana to remain in its original packaging. For individuals who produce for themselves it is recommending having guidelines on the type of container or packaging if carried in public. (page 25)

The Patrol recommends a $75 fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing criminal histories, as well as contacting various agencies associated with arrests (in researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements - their fees ranged from $50 to $450 per petition per arrest date).

This initiative provides specific employment protections for those who use Cannabis/Marijuana. Such use while serving in any law enforcement related position not only creates public safety concerns, but also quality control and security issues when working with highly sensitive material or information. Additionally, the Patrol receives federal grant funding, subject to audits, that require a drug free workplace policy. For these reasons, the Patrol feels it is essential that it be allowed to continue administering drug testing for new employees, as well as random tests, critical incident tests, etc.

Additionally, the initiative does not contain any language concerning the amount of marijuana an individual may transport, purchase or sell. Also, there is no language as to where the marijuana may be transported. A lack of guidance may allow for Missouri marijuana facilities to distribute marijuana outside of the state, or allow other states to distribute their marijuana in Missouri. A lack of such language could lead to Missouri being a distribution starting point for states where marijuana remains illegal.

Finally, if passed, the initiative petition will remove Cannabis/Marijuana from Missouri Revised Statutes and creating conflict with both several Federal and State laws, such as the use or possession of a firearm. As the Patrol has officers assigned to federal task forces that may be involved in a federal drug operation, there are concerns over potential civil litigation resulting from these types of operations, as marijuana is still classified as a Schedule I controlled substance, and illegal under federal law.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact from the initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal amends Article XIV, Section 1 of the Missouri Constitution that was voter approved in November 2018 and adds additional language in Section 2 for recreational marijuana.

Section 1.3 states that all public records produced or retained under Section 1 shall become subject to the Missouri Sunshine Law on December 2, 2020. Section 1.3 changes qualified patient identification cards from an annual renewal to every three years. The patient card fees remain $25 per year. Budget and Planning (B&P) notes that it is not clear if patients will pay $75 ($25 x 3 years) upon application and renewal or $25 each year the card is active. Section 1.3 also changes primary caregiver identification cards from an annual renewal to every three years; the card fee is also increased from $25 to $75. B&P defers to the Department of Health and Senior Services (DHSS) for the estimated impact from these provisions.

Section 1.5 would allow out-of-state medical patients to purchase medical marijuana within Missouri. B&P notes that this could increase funding to the Missouri Veterans' Health and Care Fund as well as state and local sales tax collections by an unknown amount if out-of-state patients subsequently purchase medical marijuana within Missouri.

Section 2.1 would legalize the use of recreational marijuana for individuals over the age of 21.

Section 2.4 states that the number of recreational marijuana facility licenses (cultivation, marijuana-infused products, and dispensaries) must equal the number of licenses granted under medical marijuana (Section 1). B&P notes that per Section 1, the minimum number of cultivation facility licenses is 60, dispensary licenses is 192, and marijuana-infused product facility licenses is 86. In addition, Section 2.4 creates a minimum number of microbusiness facility licenses granted over a period of time. Section 2.4 further details the amount of application and annual fees required. Table 1 lists the fees per facility type and the associated estimated minimum revenue. B&P defers to DHSS for a more detailed analysis of the estimated impacts from these provisions.

Table 1: Facility Fees

Facility Type	Application/ Renewal Fees		Annual Fee	# Min Licenses Allowed	Estimated Minimum Revenue		
	Years 1-3	Years 4+			Application Fee	Renewal Fee (Every 3 years)	Annual Fee
Cultivation Facility	$12,000	$5,000	$25,000	60	$720,000	$300,000	$1,500,000
Dispensary	$7,000	$3,000	$10,000	192	$1,344,000	$576,000	$1,920,000
Marijuana-Infused Product Facility	$7,000	$3,000	$10,000	86	$602,000	$258,000	$860,000
Microbusinesses *Note: Up to an additional 48 microbusiness licenses may be issued if DHSS determines there is a market.*	$1,500	$2,500	$2,500	96	$144,000	$240,000	$240,000

Section 2.5 allows local jurisdictions to prohibit the operation of non-medical marijuana facilities upon voter approval at a general election.

Section 2.6 establishes an excise tax rate of 15% upon the retail price of non-medical marijuana. Section 2.6 notes this is in addition to state and local sales taxes that apply to retail sales. B&P notes that the language refers to "general state and local sales and use taxes". For the purpose of this fiscal note, B&P assumes that general means all state and local sales taxes levied and not just those levies that are directed to the state (or local) general revenue fund.

Based on research, B&P was able to find forecasts for the U.S. legal market for cannabis[1]. According to such forecasts, the U.S. market for legal marijuana will be approximately $24.5 billion in calendar year 2021 and grow up to $47.3 billion by calendar year 2027. Based on information from the Substance Abuse and Mental Health Services Administration[2], from 2016-2017 approximately 13.95% of Missouri residents and 14.73% of all U.S. residents surveyed have used marijuana within the last year. Using the populations of Missouri residents age 18 and over compared to the U.S. population age 18 and over, B&P estimates that the market for legal marijuana in Missouri is 1.79% of the total U.S. market. Therefore, B&P estimates that the Missouri market for legal marijuana would be approximately $439.5 million in calendar year 2021 ($24.5 billion x 1.79%) and up to $848.4 million by calendar year 2027 ($47.3 billion x 1.79%).

Based on further research[3], B&P estimates that there could be between 61,700 to 122,500 medical marijuana users in Missouri. Using these estimates, and the estimates shown above, B&P estimates that the Missouri market for medical marijuana would be between

[1] https://cannabusinessplans.com/cannabis-legal-market-size-projections/
[2] https://www.samhsa.gov/data/report/comparison-2015-2016-and-2016-2017-nsduh-population-percentages-50-states-and-district
[3] https://www.stltoday.com/news/local/metro/plenty-of-pot-study-says-missouri-will-license-twice-as/article_e94469b0-e1c6-5893-bc2e-e1d7b24f4a73.html

0.17% and 0.34% of the total U.S. Market for legal marijuana. Therefore, B&P estimates that the total Missouri market for recreational marijuana would be 1.46% to 1.62% of the total U.S. market. Table 1 shows the estimated U.S. and Missouri markets for marijuana.

Table 2: Estimated Marijuana Market Size for the U.S. and Missouri

Calendar Year	Estimated U.S. Market Size	Estimated MO Market Size	Estimated MO Medical Market Size	Estimated MO Recreational Market Size
2021	$24,500,000,000	$439,465,251	$41,480,436	$ 397,984,815
2022	$28,300,000,000	$507,627,209	$61,066,553	$ 446,560,656
2023	$32,100,000,000	$575,789,166	$80,652,669	$ 495,136,497
2024	$35,900,000,000	$643,951,123	$100,238,785	$ 543,712,338
2025	$39,700,000,000	$712,113,081	$119,824,901	$ 592,288,179
2026	$43,500,000,000	$780,275,038	$139,411,018	$ 640,864,020
2027	$47,300,000,000	$848,436,996	$158,997,134	$ 689,439,861

B&P notes that Section 2.4 states that DHSS must begin accepting facility applications within 365 of December 3, 2020 (the effective date of Section 2) and must grant application approvals within one-hundred and eighty days of their submission. Therefore, B&P estimates that sales of recreational marijuana will not begin until June 2022.

Applying the excise tax rate of 15% plus the state sales tax rate of 4.225% and excluding the estimated market for medical marijuana, B&P estimates that this proposal may increase state revenues by $50.0 million in calendar year 2022. By calendar year 2027, B&P estimates that this proposal may increase state revenues by $132.5 million. This proposal could also increase local revenues by $10.2 million in calendar year 2021 and $27.1 million by calendar year 2027; these estimates assume that no local jurisdictions opt-out of recreational marijuana. Table 3 shows the estimated revenues generated by calendar year.

Table 3: Estimated Calendar Year Revenues

Fund	CY 2022*	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
GR (3.0% tax)	$7,814,811	$14,854,095	$16,311,370	$17,768,645	$19,225,921	$20,683,196
Education (1.0% tax)	$2,604,937	$4,951,365	$5,437,123	$5,922,882	$6,408,640	$6,894,399
Conservation (0.125% tax)	$325,617	$618,921	$679,640	$740,360	$801,080	$861,800
Parks, soil, water (0.1% tax)	$260,494	$495,136	$543,712	$592,288	$640,864	$689,440
Veterans, Infrastructure, and Health Fund (15.0% tax)	$39,074,057	$74,270,475	$81,556,851	$88,843,227	$96,129,603	$103,415,979
TSR (total 4.225% state sales tax)	**$50,079,057**	**$95,189,992**	**$104,528,697**	**$113,867,402**	**$123,206,108**	**$132,544,813**
Local Revenue (pop. weighted local rate 3.93%)	$10,237,403	$19,458,864	$21,367,895	$23,276,925	$25,185,956	$27,094,987

*Assumes 7 months of sales from June 2022 through December 2022.

However, B&P notes that sales would start one month before the end of FY 2022. Based on historical sales tax collection data, B&P adjusts calendar year collections 50% into the first fiscal year and 50% into the second fiscal year. Therefore, B&P estimates that this proposal will increase state revenues by $7.2 million in FY 2022. By FY 2028, this proposal may increase state revenues by $132.5 million. This proposal may also increase local revenues by $1.5 million in FY 2022 and up to $27.1 million by FY 2028, assuming no local jurisdictions opt out of recreational marijuana. Table 4 shows the estimated revenue generated by fiscal year.

Table 4: Estimated Fiscal Year Revenues

Fund	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
GR	$1,116,402	$14,125,457	$15,582,733	$17,040,008	$18,497,283	$19,954,558	$20,683,196
Education	$372,134	$4,708,486	$5,194,244	$5,680,003	$6,165,761	$6,651,519	$6,894,399
Conservation	$46,517	$588,561	$649,281	$710,000	$770,720	$831,440	$861,800
Parks, soil, water	$37,213	$470,849	$519,424	$568,000	$616,576	$665,152	$689,440
Veterans, Infrastructure, and Health Fund	$5,582,008	$70,627,287	$77,913,663	$85,200,039	$92,486,415	$99,772,791	$103,415,979
TSR	**$7,154,274**	**$90,520,639**	**$99,859,344**	**$109,198,050**	**$118,536,755**	**$127,875,461**	**$132,544,813**
Local Revenue	$1,462,486	$18,504,349	$20,413,380	$22,322,410	$24,231,441	$26,140,471	$27,094,987

Section 2.6 further states that the taxes and fees levied under Section 2 shall be deposited into the newly created Veterans, Infrastructure, and Health Fund. B&P notes that this would include all license application and renewal fees, annual facility fees, and the 15% excise tax. This would not include the 4.225% state sales tax.

Monies in the Veterans, Infrastructure, and Health Fund are to be distributed in the following manner:

1. Amounts necessary to cover any DHSS costs related to Section 2 administration.
2. Amounts necessary for the creation of a reserve fund within DHSS to ensure there is enough working cash balance to administer Section 2.
3. 3/15th of the remaining balance to any local jurisdiction with recreational marijuana sales.
4. Any remaining balance will then be distributed:
    a. 1/3 to the Missouri Veterans Commission
    b. 1/3 to the State Road Fund
    c. 1/3 to DHSS for grants to non-profits and other agencies in relation to drug addiction treatment.

B&P is unable to estimate the amount of revenues that would be required to meet DHSS administrative costs and reserve fund needs. Therefore, for the purpose of this fiscal note, B&P will show the maximum amount of sales tax related revenues that could be distributed if all administration fees and reserve fund needs were met by the facility licensing fees.

Table 5: Maximum Distribution Amounts Based on 15% Excise Tax Collections

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Veterans, Infrastructure, and Health Fund	$5,582,008	$70,627,287	$77,913,663	$85,200,039	$92,486,415	$99,772,791	$103,415,979
Estimated Maximum Distributions							
DHSS Administrative Costs*	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
DHSS Reserve Fund*	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
Local Jurisdictions**	$1,116,402	$14,125,457	$15,582,733	$17,040,008	$18,497,283	$19,954,558	$20,683,196
Missouri Veterans Commission	$1,488,536	$18,833,943	$20,776,977	$22,720,010	$24,663,044	$26,606,078	$27,577,594
State Road Fund	$1,488,536	$18,833,943	$20,776,977	$22,720,010	$24,663,044	$26,606,078	$27,577,594
DHSS Drug Treatment Grants	$1,488,536	$18,833,943	$20,776,977	$22,720,010	$24,663,044	$26,606,078	$27,577,594

*For the purpose of this fiscal note, B&P will assume that DHSS costs are fully met through the licensing fee collections. Actual distributions may be significantly different.
**Assumes no local jurisdictions opt-out.

B&P notes that depending on administrative and reserve fund needs, actual distributions may be significantly different from the estimates shown above.

Section 2.10 specifies that adult use of recreational marijuana is not unlawful and allows for individuals who have been arrested, charged, or found guilty for any offense that would no longer be illegal after the effective date of Section 2 to apply for and be granted expungement of their records pertaining to such offenses. B&P defers to the Department of Corrections and the State Public Defender's Office for the estimated impact from these provisions.

Officials from the **Office of State Courts Administrator** indicated the initiative petition proposes a constitutional amendment to Article XIV to modify the current provisions of the Missouri Constitution relating to legalization of marijuana.

The average of all marijuana related charge codes from 2012 to 2016 for Circuit case types is 11,537 per year. The average of all marijuana related charge codes from 2012 to 2016 for Associate case types is 8,765. We are unable to determine what number of these charges were for someone over the age of twenty-one.

The following Criminal Court Costs would be affected by this proposed legislation:

Criminal Court Costs		
Felony Case Costs	**Amount of Cost**	**Disburse to State/County**
Basic Civil Legal Services Fund surcharge	$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$45.00	State of Missouri - General Revenue $36, County $9
County Fee	$75.00	County
Court Automation Fund Fee	$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards & Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$279.50**	
Misdemeanor Case Costs		

Basic Civil Legal Services Fund surcharge	$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$15.00	$12 State of Missouri / $3 County
County Fee	$25.00	County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	$0.50 State of Missouri / $0.50 County
Sheriffs' fee	$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$102.50**	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	$15.00	$12 State of Missouri / $3 County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund

Sheriffs' Retirement Fund surcharge	$3.00	Sheriffs' Retirement Fund
Total	**$33.50**	
Criminal Costs Not Included Above		
Drug Testing by a State Lab	$150.00	State of Missouri
Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts.

We also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time we are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY (fiscal year) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender (MSPD), since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track their cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2019 MSPD data, is that this would reduce their caseload by 4,219 cases (3,102 C/D felonies, 144, misdemeanors, and 974 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards*, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; misdemeanors, 11.7 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 4,219 cases, those cases require 88,765 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 43 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, the Missouri State Public Defender already is significantly understaffed by 321 attorneys under the workload standards developed in *The Missouri Project*.

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not

allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 43 attorneys how much money needs to be added to their budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated there is a tax and a variety of fees imposed in this petition. Once in operation, marijuana businesses have had difficulties obtaining and maintaining bank accounts due Federal law and regulations. State Treasurer's office and Department of Revenue are currently exploring options to handle large amounts of cash from licensed Medical Marijuana businesses as Department of Revenue may see many of these taxes paid in cash. Changes in security measures and collection points are under review as Department of Revenue, Department of Health and Senior Services, and Department of Labor and Industrial Relations do not currently receive large amounts of cash.

The changes in this initiative petition may increase the potential amount of receipts in cash exponentially.

They are unable to determine the fiscal impact to their office.

Officials from **Greene County** indicated there is anticipated costs to the County of Greene for this initiative petition, per the following information concerning this initiative petition, https://static1.squarespace.com/static/5541a76ae4b0175cee8827d0/t/580684e5ff7c50adea98399e/1476822252561/Letter+to+CA+from+Denver+DA.jpgI provided by their County Prosecutor, Dan Patterson.

To fully understand the fiscal impact would require a very detailed study to give the best opportunity to understand the impact to law enforcement, prosecutors and the circuit courts within the proposed changes of this initiative petition, which the linked letter demonstrates occurred in Colorado after similar legislation passed.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202
Bus. Phone: 720-913-900
Fax: 720-913-903

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from **St. Louis County** indicated this proposal would have minimal to no fiscal impact on the operations of St. Louis County Government.

Officials from the **City of Kansas City** indicated this initiative petition may have a positive fiscal impact on their city in an indeterminate amount as a result of increased sales tax revenues; however, such revenues could be offset by increased expenses in an indeterminate amount.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from the **Missouri Veterans Commission** indicated:

Michael L. Parson
Governor

Grace Link
Executive Director

MISSOURI VETERANS COMMISSION

205 Jefferson Street, P.O. Drawer 147, Jefferson City, MO 65102-0147
Telephone: (573) 751-3779 www.mvc.dps.mo.gov Fax: (573) 751-6836

November 15, 2019

The Honorable John R. Ashcroft
Secretary of State
600 W. Main Street
Jefferson City, MO 65101

Dear Secretary of State Ashcroft,

Initiative Petition 2020-128 (hereinafter, the Initiative) will have a disastrous fiscal impact upon the Missouri Veterans Commission. Under the existing medical marijuana program, we anticipate receiving $12,458 in FY20, $2,135,510 in FY21, $2,529,753 in FY22 and $2,929,271 in FY23 from the tax revenues generated from the retail sales of medical marijuana. The Initiative makes no significant changes to that program, but the adverse impact the Initiative poses to the Commission is in the creation of the non-medical marijuana program. The medical marijuana program is predicated on medical need and the physician certification that marijuana is the appropriate treatment for that medical need. Conversely, the non-medical marijuana program has no requirement for medical need or for physician certification. It is only common sense that those wishing to use marijuana products will forego the inconvenience of establishing medical need and obtaining a physician's certification and avail themselves of the non-medical program regardless of their reason for wanting to use marijuana products. Therefore, we anticipate a significant reduction in the tax revenues generated by the medical marijuana program, perhaps as high as a 90% reduction, should the Initiative become law.

Moreover, given the significantly different distribution of tax revenues provided for under the non-medical marijuana program, we do not anticipate that our portion of the tax revenues generated under the non-medical program will defray the reduction we would experience under the medical marijuana program. Specifically, the medical marijuana program establishes a 4% tax on all retail sales of medical marijuana and allocates to the Commission all of those proceeds minus 5% to the Department of Revenue and an amount to the Department of Health and Senior Services necessary to defray their costs in regulating the program. Conversely, the non-medical marijuana program establishes a 15% tax on all retail sales of non-medical marijuana and allocates to the Commission one-third of those proceeds minus 2% to the Department of Revenue, an amount to the Department of Health and Senior Services necessary to defray their costs in regulating the program, and 3/15 to the local jurisdiction in which the sale took place. Despite the increased tax rate under the non-medical program, we anticipate receiving a significantly smaller portion of the tax revenues collected given the smaller allocation amount dedicated to the Commission.

Finally, the purpose for which the Commission may use its portion of the tax proceeds will essentially eliminate our ability to initiate construction projects to improve our physical facilities. Specifically, the medical marijuana program allows the Commission to use those proceeds for "for health and care services for military veterans, including the following purposes: operations, *maintenance and capital improvements* of the Missouri veterans homes, the Missouri service officer's program, and other services for veterans approved by the commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness." (Emphasis added) That is essentially everything that the Commission does and clearly affords the Commission the flexibility necessary to address the needs of Missouri's veterans as they change over time. Conversely, the non-medical marijuana program requires the Commission to use its significantly reduced portion of the tax revenues strictly for "*health care and other services* for military veterans and their dependent families". (Emphasis added) This language will severely limit our ability to adjust our facilities to meet the changing needs of Missouri's veterans.

In closing, Initiative Petition 2020-128 will adversely impact the ability of the Missouri Veterans Commission to serve the veterans of Missouri for the reasons set forth above. If I can be of any further assistance on this issue, please contact me at (573) 751-4066 at your convenience.

Sincerely,

Ryon A. Richmond
Deputy Director
Missouri Veterans Commission

Officials from the **Missouri Office of Prosecution Services** indicated there is no fiscal impact to their office. The enactment of a new crime [Section 2.10(6)(c)] creates additional responsibilities for county prosecutors which may in turn result in additional costs which are difficult to determine.

Mark R. Reading provided the following information:

Submitted by:

_____

Mark R. Reading
Jefferson City, MO 65109
(573) 694-6828
Primary Contact Person

Initiative Petition 2020-128
Marijuana Legalization, Regulation, and Taxation

Proposed Statement of Fiscal Impact

Fiscal Impact Information Submitted Pursuant to Section 23.140.2

The amendment's estimated state revenue is $197.9 million when fully implemented, including $27.6 million each for veterans, infrastructure, and health programs. General revenue and other state funds benefit by $48.4 million, and $27.2 million in local revenue is estimated.

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	5-year Total
General Revenue	$0	$9,686,290	$20,993,899	$30,295,000	$38,826,867	$99,802,056
Veterans, Infrastructure, and Health Fund	$2,666,000	$4,472,000	$48,305,110	$81,685,223	$122,258,755	$259,387,089
Other State Dedicated Funds	$0	$540,584	$3,639,638	$6,365,681	$9,576,776	$20,122,678
Total Estimated Net Effect on All State Funds	$2,666,000	$14,698,874	$72,938,647	$118,345,903	$170,662,397	$376,645,822
Total Estimated Net Effect on All Local Funds	$0	$0	$10,244,526	$18,033,219	$27,207,776	$55,485,521
Total Estimated Net Effect on Federal Funds	$0	$0	$0	$0	$0	$0
Total All Funds	$2,666,000	$14,698,874	$83,183,173	$136,379,122	$197,870,174	$434,797,343

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ANALYSIS OF FISCAL IMPACT OF MEDICAL MARIJUANA PETITION

The fiscal impact analysis contained herein focuses on estimating the fee and tax revenue resulting from the constitutional amendment proposed in the initiative petition. Table 1 summarizes the revenue and savings estimated by source and by fiscal year.

Table 1 - Summary of Tax, Application and License Fees, Revenue, and Savings by Fund

Purpose	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	5-year total
Marijuana Cultivation Facilities	$720,000	$1,500,000	$1,500,000	$1,500,000	$1,800,000	$7,020,000
Marijuana-Infused Products Manufacturing Facilities	$602,000	$860,000	$860,000	$860,000	$1,118,000	$4,300,000
Marijuana Dispensary Facilities	$1,344,000	$1,920,000	$1,920,000	$1,920,000	$2,496,000	$9,600,000
Marijuana Microbusiness Facilities	$0	$192,000	$120,000	$120,000	$240,000	$672,000
15% sales tax	$0	$0	$43,905,110	$77,285,223	$116,604,755	$237,795,089
subtotal Veterans, Infrastructure, and Health Fund	$2,666,000	$4,472,000	$48,305,110	$81,685,223	$122,258,755	$259,387,089
General Revenue sales tax	$0	$0	$8,781,022	$15,457,045	$23,320,951	$47,559,018
General Revenue budget savings	$0	$9,686,290	$12,212,877	$14,837,955	$15,505,916	$52,243,038
subtotal GR	$0	$9,686,290	$20,993,899	$30,295,000	$38,826,867	$99,802,056
Prop C sales tax	$0	$0	$2,927,007	$5,152,348	$7,773,650	$15,853,006
Conservation sales tax	$0	$0	$365,876	$644,044	$971,706	$1,981,626
Parks and Soils sales tax	$0	$0	$292,701	$515,235	$777,365	$1,585,301
Criminal Records System Fund	$0	$540,584	$54,054	$54,054	$54,054	$702,746
subtotal Other State Funds	$0	$540,584	$3,639,638	$6,365,681	$9,576,776	$20,122,678
subtotal all state funds	$2,666,000	$14,698,874	$72,938,647	$118,345,903	$170,662,397	$379,311,822
Local Sales Tax	$0	$0	$10,244,526	$18,033,219	$27,207,776	$55,485,521
Grand Total State and Local	$2,666,000	$14,698,874	$83,183,173	$136,379,122	$197,870,174	$434,797,343

This is the allocation table of the new Veterans, Infrastructure, and Health Fund. More explanation can be found on page 20.

Table 2 - Allocation of Veterans, Infrastructure, and Health Fund

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	5-year total
Veterans, Infrastructure, and Health Fund						
Sales tax revenue - received	$0	$0	$43,905,110	$77,285,223	$116,604,755	$237,795,089
Application and license fees	$2,666,000	$4,472,000	$4,400,000	$4,400,000	$5,654,000	$21,592,000
Total VIH fund collections	$2,666,000	$4,472,000	$48,305,110	$81,685,223	$122,258,755	$259,387,089
Administration of tax and program						
Department of Revenue (2% of collections)	($53,320)	($89,440)	($966,102)	($1,633,704)	($2,445,175)	($5,187,742)
Department of Health and Senior Services (for administration)	($2,612,680)	($4,382,560)	($15,668,590)	($15,981,962)	($16,301,601)	($54,947,393)
Remainder to distribute to major purposes	$0	$0	$31,670,418	$64,069,557	$103,511,979	$199,251,954
Major Purposes						
Local governments (3/15ths of remainder)	$0	$0	$6,334,084	$12,813,911	$20,702,396	$39,850,391
Veterans (one-third after local govt.)	$0	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
Infrastructure (one-third after local govt.)	$0	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
Health (one-third after local govt.)	$0	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
subtotal for major purposes	$0	$0	$31,670,418	$64,069,557	$103,511,979	$199,251,954
Total allocated	$2,666,000	$4,472,000	$48,305,110	$81,685,223	$122,258,755	$259,387,089

Implementation dates required by Petition 2020-128

Table 3 below identifies the implementation dates prescribed in the petition. All fiscal estimates in this analysis assume that the Department of Health and Senior Services, and all other state and local governments affected by this petition will meet the deadlines required by the petition.

TABLE 3 - Implementation Schedule	
11/3/2020	Election Day - Voter Approval
12/3/2020	30 days after election - effective date of constitutional amendment
2/1/2021	Prospective applicants shall notify DHSS of their intent to apply and prefile their application fee for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, and Marijuana-Infused Products Manufacturing Facilities.
270 days after effective date of constitutional amendment	
8/30/2021	DHSS shall make available license application forms and application instructions for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, Marijuana-Infused Products Manufacturing Facilities and Marijuana Microbusiness Facilities, and any other license types and certifications it deems necessary.
365 days after effective date of constitutional amendment	
12/3/2021	DHSS shall begin accepting application forms for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, Marijuana-Infused Products Manufacturing Facilities, Marijuana Microbusiness Facilities, Seed-to-Sale tracking systems, and transportation of marijuana from medical marijuana facilities with similar licenses
180 days after DHSS begins accepting application forms it begins approving licenses	
6/1/2022	For any application submitted on the day required under the constitutional provisions, DHSS shall have approved or denied application forms for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, Marijuana-Infused Products Manufacturing Facilities, and Marijuana Microbusiness Facilities. All applications must be approved or denied within 180 days of submission to DHSS thereafter.
First November national election date after initial statewide voter approval	
11/8/2022	Local governments can seek elections to prohibit operation of all or any category of marijuana facilities in their jurisdiction.
815 days after effective date of constitutional amendment	
2/26/2023	270 days after DHSS begins issuing licenses (6/1/22) DHSS may issue 6 additional microbusiness licenses per Congressional district.
1,093 days after effective date of constitutional amendment	
12/1/2023	548 days after DHSS begins issuing licenses (6/1/22) DHSS shall begin approving licenses for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, Marijuana-Infused Products Manufacturing Facilities, Marijuana Microbusiness Facilities, Seed-to-Sale tracking systems, and transportation of marijuana from non-medical marijuana facility applicants. DHSS may issue 6 additional microbusiness licenses per Congressional district.

Cultivation Application and License fees

The proposal provides for the licensing of Marijuana Cultivation Facilities. The DHSS is required to charge a one-time non-refundable application fee of $12,000. Once granted, the DHSS is required to charge an annual license fee of $25,000. Renewal fees are $5,000 after three years.

As seen in Table 3, the DHSS is required to make application forms available no later than 270 days after the effective date of the new constitutional provisions – which will be August 30, 2021. The DHSS is required to begin accepting applications no later than 365 days after the effective date of the new constitutional provisions – which will be December 3, 2021. The proposal requires that prospective applicants shall notify DHSS of their intent to apply and prefile their application fee by February 1, 2021, in FY 2021. The proposal also provides that for the first 548 days after the DHSS begins to license facilities it may only accept applications for licensure from entities holding medical marijuana cultivation facility licenses. The first adult use marijuana licenses awarded to entities that are not medical marijuana licensees will begin December 1, 2023 (state fiscal year FY 2024).

Table 4 shows the calculation of the fee revenue estimated at $720,000 in FY 2021, $1.5 million from FY 2022 to FY 2024, and $1.8 million in FY 2025. Other assumptions include:

- The DHSS is expected to license 60 medical marijuana cultivation facilities in compliance with the medical marijuana constitutional provisions. These are the only facilities eligible for licensure for the first and second years after the election.
- Since the application award happens by June 2022, it is assumed that the licensees will pay the annual license fee in FY 2022 and the renewal license fee payment will occur in FY 2025.
- During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana and placed a University of Missouri market study on its website about the subject. Given the department's stated hesitancy, this analysis assumes no new additional facilities will be licensed during the period. Thus, the revenue estimate is conservative as the department moves slowly to license additional facilities. Only the renewal costs are included in the long-range forecast.

Table 4 shows:

- Application fees - $720,000 in FY 2021 and $0 in FY 2022-FY 2025.
- Renewal fees - $300,000 in FY 2025.
- Annual license fees - $1.5 million from FY 2022 to FY 2025.

Table 4 - Cultivation Facilities - Fee Revenues

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable application fee	$12,000	$12,000	$12,000	$12,000	$12,000
Renewal fee					$5,000
Applicants					
Medical marijuana licenses eligible year 1	60	0	0	0	60
New additional licenses	0	0	0	0	0
subtotal Non-Refundable Fee revenues	$720,000	$0	$0	$0	$300,000
Annual license fee	$25,000	$25,000	$25,000	$25,000	$25,000
Licenses					
Medical marijuana licenses eligible year 1	0	60	60	60	60
New additional licenses	0	0	0	0	0
subtotal Annual License Fee revenues	$0	$1,500,000	$1,500,000	$1,500,000	$1,500,000
Total Cultivation license & fee revenues	$720,000	$1,500,000	$1,500,000	$1,500,000	$1,800,000

Marijuana-Infused Products Manufacturing Facilities Application and License fees

The proposal provides for the licensing of Marijuana-Infused Products Manufacturing Facilities. The DHSS is required to charge a one-time non-refundable application fee of $7,000. Once granted, the DHSS is required to charge an annual license fee of $10,000. Renewal fees are $3,000 after three years.

As seen in Table 3, the DHSS is required to make application forms available no later than 270 days after the effective date of the new constitutional provisions – which will be August 30, 2021. The DHSS is required to begin accepting applications no later than 365 days after the effective date of the new constitutional provisions – which will be December 3, 2021. The proposal requires that prospective applicants shall notify DHSS of their intent to apply and prefile their application fee by February 1, 2021, in FY 2021. The proposal also provides that for the first 548 days after the DHSS begins to license facilities it may only accept applications for licensure from entities holding medical marijuana infused products facility licenses. The first adult use marijuana licenses awarded to entities that are not medical marijuana licensees will begin December 1, 2023 (state fiscal year FY 2024).

Table 5 shows the calculation of the fee revenue estimated at $602,000 in FY 2021, $860,000 in FY 2022-FY 2024, and $1.1 million in FY 2025. Other assumptions include:

- The DHSS is expected to license 86 medical marijuana-infused products manufacturing facilities in compliance with the medical marijuana constitutional provisions. These are the only facilities eligible for licensure for the first and second years after the election.
- Since the application award happens by June 2022, it is assumed that the licensees will pay the annual license fee in FY 2022 and the renewal license fee payment will occur in FY 2025.
- During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana and placed a University of Missouri market study on its website about the subject. Given the department's stated hesitancy, this analysis assumes no new additional facilities will be licensed during the period. Thus, the revenue estimate is conservative as the department moves slowly to license additional facilities. Only the renewal costs are included in the long-range forecast.

Table 5 shows:

- Application fees - $602,000 in FY 2021 and $0 from FY 2022-FY 2025.
- Renewal fees - $258,000 in FY 2025.
- Annual license fees - $860,000 from FY 2022-FY 2025.

Table 5 - Infused Products Manufacturing Facilities - Fee Revenues

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable application fee	$7,000	$7,000	$7,000	$7,000	$7,000
Renewal fee					$3,000
Applicants					
Medical marijuana licenses eligible year 1	86	0	0	0	86
New additional licenses	0	0	0	0	0
subtotal Non-Refundable Fee revenues	$602,000	$0	$0	$0	$258,000
Annual license fee	$10,000	$10,000	$10,000	$10,000	$10,000
Licenses					
Medical marijuana licenses eligible year 1	0	86	86	86	86
New additional licenses	0	0	0	0	0
subtotal Annual License Fee revenues	$0	$860,000	$860,000	$860,000	$860,000
Total Infused Product Manufacturing license & fee revenues	$602,000	$860,000	$860,000	$860,000	$1,118,000

Marijuana Dispensary Facilities Application and License fees

The proposal provides for the licensing of Marijuana Dispensary Facilities. The DHSS is required to charge a one-time non-refundable application fee of $7,000. Once granted, the DHSS is required to charge an annual license fee of $10,000. Renewal fees are $3,000 after three years.

As seen in Table 3, the DHSS is required to make application forms available no later than 270 days after the effective date of the new constitutional provisions – which will be August 30, 2021. The DHSS is required to begin accepting applications no later than 365 days after the effective date of the new constitutional provisions – which will be December 3, 2021. The proposal requires that prospective applicants shall notify DHSS of their intent to apply and prefile their application fee by February 1, 2021, in FY 2021. The proposal also provides that for the first 548 days after the DHSS begins to license facilities it may only accept applications for licensure from entities holding medical marijuana dispensary facility licenses. The first adult use marijuana licenses awarded to entities that are not medical marijuana licensees will begin December 1, 2023 (state fiscal year FY 2024).

Table 6 shows the calculation of the fee revenue estimated at $1.3 million in FY 2021 and $1.9 million in FY 2022-FY2024, and $2.5 million in FY 2025. Other assumptions include:

- The DHSS is expected to license 192 medical marijuana dispensary facilities in compliance with the medical marijuana constitutional provisions. These are the only facilities eligible for licensure for the first and second years after the election.

- Since the application award happens by June 2022, it is assumed that the licensees will pay the annual license fee in FY 2022 and the renewal license fee payment will occur in FY 2025.
- During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana and placed a University of Missouri market study on its website about the subject. Given the department's stated hesitancy, this analysis assumes no new additional facilities will be licensed during the period. Thus, the revenue estimate is conservative as the department moves slowly to license additional facilities. Only the renewal costs are included in the long-range forecast.

Table 6 shows:

- Application fees - $1,344,000 in FY 2021 and $0 from FY 2022-FY2025.
- Renewal fees: $576,000 in FY 2025.
- Annual license fees - $1.9 million from FY 2022-FY 2025.

Table 6 - Dispensary Facilities - Fee Revenues

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable application fee	$7,000	$7,000	$7,000	$7,000	$7,000
Renewal fee					$3,000
Applicants					
Medical marijuana licenses eligible year 1	192	0	0	0	192
New additional licenses	0	0	0	0	0
subtotal Non-Refundable Fee revenues	$1,344,000	$0	$0	$0	$576,000
Annual license fee	$10,000	$10,000	$10,000	$10,000	$10,000
Licenses					
Medical marijuana licenses eligible year 1	0	192	192	192	192
New additional licenses	0	0	0	0	0
subtotal Annual License Fee revenues	$0	$1,920,000	$1,920,000	$1,920,000	$1,920,000
Total Dispensary license & fee revenues	$1,344,000	$1,920,000	$1,920,000	$1,920,000	$2,496,000

Marijuana Microbusiness Facilities Application and License fees

The proposal provides for the licensing of Marijuana Microbusiness Facilities. The DHSS is required to charge a one-time non-refundable application fee of $1,500. Once granted, the DHSS is required to charge an annual license fee of $2,500. Renewal fees are $2,500 after three years.

As seen in Table 3, the DHSS is required to make application forms available no later than 270 days after the effective date of the new constitutional provisions – which will be August 30, 2021. The DHSS is required to begin accepting applications no later than 365 days after the effective date of the new constitutional provisions – which will be December 3, 2021. Both deadlines are in FY 2022 of the Missouri state government budget. It is assumed that no revenues will be received before FY 2022. The proposal also provides that for the first 365 days after the DHSS may only accept applications for licensure from entities holding similar medical marijuana facility licenses.

Table 7 shows the calculation of the fee revenue estimated at $192,000 in FY 2022, $120,000 in FY 2023-FY 2024, and $240,000 in FY 2025. Other assumptions include:

- Marijuana Microbusiness Facilities are not included in the medical marijuana program.
- The proposal provides that a minimum of six such licenses be issued within each of Missouri's eight U.S. Congressional districts when licenses are first issued.
- Since the application periods open in the middle of the year it is assumed that the licensees will pay both the non-refundable application fee and the annual license fee in the same year.
- Since application fees are non-refundable additional revenue may be collected in FY 2023 from any applicant that is ultimately refused a license. This possible revenue is not calculated into this revenue estimate.
- During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana and placed a University of Missouri market study on its website about the subject. Given the department's stated hesitancy, this analysis assumes no new additional facilities will be licensed during the period. Thus, the revenue estimate is conservative as the department moves slowly to license additional facilities. Only the renewal costs are included in the long-range forecast.

Table 7 shows:

- Application fees - $72,000 in FY 2022 and $0 from FY 2023-2025.
- Renewal fees - $120,000 in FY 2025.
- Annual license fees - $120,000 from FY 2022-FY 2025.

Table 7 - Microbusiness Facilities - Fee Revenues

	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable application fee	$1,500	$1,500	$1,500	$1,500
Renewal fee				$2,500
Licenses				
Year 1 - estimate (minimum 6/Congressional Dist.)	48			48
New additional licenses	0	0	0	0
subtotal Non-Refundable Fee revenues	$72,000	$0	$0	$120,000
Annual license fee	$2,500	$2,500	$2,500	$2,500
Licenses				
Medical marijuana licenses eligible year 1	48	48	48	48
New additional licenses	0	0	0	0
subtotal Annual License Fee revenues	$120,000	$120,000	$120,000	$120,000
Total Microbusiness license & fee revenues	$192,000	$120,000	$120,000	$240,000

States that have approved adult use marijuana

Ten states and Washington D.C. have approved adult use marijuana. Nine received approval from voters while Illinois passed legislation to do so. Table 8 shows that Colorado and Oregon were the first approve adult use marijuana in November 2012. The table also shows when sales started and the length of time in months from approval to first sales. At this point only Colorado, Washington, and Oregon have had sales of at least three years to provide the best data necessary to fully understand the longer-range revenue prospects for adult use marijuana. Alaska is close to having three years' experience. However, it took Alaska longer to implement its program. Alaska also has a small program and uses an excise tax that makes it less comparable to the first three which have similar taxes as that proposed in the Missouri initiative petition. This fiscal note will focus on data from Colorado, Washington, and Oregon in the analysis.

Table 8 - States with Adult Use Marijuana

State	Approved by voters or legislature	Month/year sales started or anticipated	Months from election to sales
Colorado	November 2012	January 2014	15
Washington	November 2012	July 2014	21
Oregon	November 2014	February 2016	15
Alaska	November 2014	October 2016	23
Nevada	November 2016	July 2017	9
California	November 2016	January 2018	15
Massachusetts	November 2016	November 2018	24
Maine	November 2016	March 2020	40
Michigan	November 2018	May 2020	18
Illinois	June 2019	January 2020	6
Missouri (if approved)	November 2020	July 2022	21

Many factors will influence the size of the adult use marijuana program. Having selected three states as the focus of the analysis, four factors in particular will be reviewed.

- Marijuana usage in the states – a review of how Missouri's reported marijuana usage compares to other states to help determine the possible base line for the initial years of the program.
- Initial sales and growth over time.
- Initial infrastructure for sales and its effect on sales.
- Tourism in the states to help determine the impact of sales in Missouri.

Marijuana Usage

Table 9 provides another way to think about the states that have approved adult use marijuana and its possible use in Missouri and revenue estimates. Table 9 shows the percent of those age 18 and over who indicate use of marijuana in the past year from 2012 to 2017 published by the U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. The 2016-2017 data is the most recently published. The table is sorted by marijuana usage in 2012-2013 which is the last data before adult use marijuana was available in any state. The top 30 states and the national average are shown.

The states that have legalized adult use marijuana are highlighted in blue. All but Illinois, the last state that made it legal, were in the top 15 states for marijuana use in the past year in 2012-2013 and all were above the U.S. national average. Legal medical marijuana programs may be a factor in the higher percentage reported in some of these states. Missouri's 2012-2013 rate of 11.41% is substantially below all of the states that have started sales of adult use marijuana and in every year thereafter. Illinois and Missouri have nearly the same rate of use at the start and end of this timeline. The green boxes are the

last year for each state before adult use sales started which also highlights the fact that only a few states have three full years of experience with revenues.

Table 9. Marijuana Use in the Past Year, by Age Group and State: Percentages, Annual Averages Based on NSDUH

Rank	State	2012-2013 - 18 or Older Estimate	2013-2014 - 18 or Older Estimate	2014-2015 - 18 or Older Estimate	2015-2016 - 18 or Older Estimate	2016-2017 - 18 or Older Estimate
1	Rhode Island	20.21%	19.13%	19.04%	20.62%	21.24%
2	Alaska	20.16%	19.86%	22.31%	23.46%	23.43%
3	Oregon	19.21%	19.50%	19.59%	23.19%	27.38%
4	Vermont	19.04%	20.11%	20.80%	22.32%	24.34%
5	Colorado	18.94%	20.74%	23.57%	23.82%	25.65%
6	Washington	17.58%	19.06%	17.68%	19.45%	23.21%
7	Maine	16.26%	19.76%	19.88%	20.12%	22.46%
8	Montana	15.78%	14.13%	15.45%	18.54%	19.86%
9	Massachusetts	15.62%	17.38%	18.47%	19.02%	20.28%
10	Michigan	15.12%	15.65%	15.21%	15.81%	16.94%
11	New Hampshire	15.11%	16.85%	17.44%	17.89%	18.90%
12	New Mexico	14.73%	15.57%	14.67%	15.88%	17.71%
13	New York	14.08%	14.26%	15.21%	15.09%	14.74%
14	Nevada	13.91%	12.86%	12.89%	12.98%	17.06%
15	California	13.85%	14.44%	15.36%	16.54%	17.81%
16	Connecticut	13.78%	13.83%	15.68%	15.18%	16.37%
17	Delaware	13.71%	13.87%	13.06%	13.07%	14.92%
18	Hawaii	13.19%	12.46%	12.62%	13.02%	13.29%
19	Ohio	12.76%	11.59%	12.21%	14.00%	13.92%
20	Arizona	12.71%	13.53%	13.08%	12.26%	14.14%
	Total U.S.	12.22%	12.87%	13.41%	13.85%	14.73%
21	Virginia	12.22%	13.08%	11.55%	11.11%	11.92%
22	Minnesota	11.93%	12.28%	12.82%	12.92%	13.78%
23	Illinois	11.56%	12.17%	12.56%	12.36%	13.88%
24	South Carolina	11.53%	11.45%	12.61%	10.89%	11.14%
25	Missouri	11.41%	12.75%	13.59%	13.26%	13.95%
26	Georgia	11.30%	11.82%	12.79%	12.64%	11.78%
27	Florida	11.23%	11.67%	12.51%	13.10%	13.71%
28	Maryland	11.16%	13.33%	15.20%	15.67%	15.65%
29	Pennsylvania	11.15%	11.63%	12.40%	13.25%	13.47%
30	Indiana	10.93%	12.90%	13.89%	13.33%	14.54%

Source: SAMHSA, Center for Behavioral Health Statistics and Quality, National Survey on Drug Use and Health[i]

Table 10 compares Missouri's base year to Colorado, Washington, and Oregon. Missouri's 13.95% base year is between 3.63% to 5.64% lower than the three states.

Table 10 - Base Year 18 years or older % Marijuana Use in Past Year			
	Base Year Marijuana Usage	Base year rate	Difference in rate from MO
Missouri	2016-2017	13.95%	
Colorado	2012-2013	18.94%	4.99%
Washington	2012-2013	17.58%	3.63%
Oregon	2014-2015	19.59%	5.64%

Table 11 shows how the percentage of those age 18 and older reporting marijuana use changed in the first three years of adult use marijuana sales for Colorado, Washington, and Oregon. In each state the percentage went up over the three years. In the first year the Colorado rate increased 1.8%, Washington by slightly less at 1.48%, and Oregon by 3.6%. The percentage increase in use at the end of the three years compared to the base year percentage was substantially different in each state – Colorado (4.88%), Washington (1.87%), and Oregon (7.79%). Given the lower base year in Missouri shown in Table 10 it seems unlikely that it will increase to the levels shown in the other states in Table 11. Adding Washington's roughly 2.0% increase to Missouri's rate would bring it to 15.95% which is lower than where the other three states started.

Table 11 - Marijuana Use in the Past Year		
	% use age 18 and older	Change in rate
Colorado		
Base year (2012-2013)	18.94%	
Year 1	20.74%	1.80%
Year 2	23.57%	2.83%
Year 3	23.82%	0.25%
overall change base to year 3		4.88%
Washington		
Base year (2012-2013)	17.58%	
Year 1	19.06%	1.48%
Year 2	17.68%	-1.38%
Year 3	19.45%	1.77%
overall change base to year 3		1.87%

Initial infrastructure for adult use marijuana

Table 12 shows the number of retail stores over the first three years in Colorado, Washington, and Oregon. Colorado and Washington start with roughly the same number of retail outlets. Oregon data is unavailable because the program did not establish the statistical infrastructure to collect it in the early years. The Department of Health and Senior Services intends to license 192 medical marijuana dispensaries – the minimum required under that constitutional amendment. The proposed petition provides that for the first year and a half only the medical marijuana dispensaries can be permitted to provide adult use marijuana.

During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana. The department placed on its website a University of Missouri market study that estimates substantially fewer medical marijuana patients than estimated in the ballot language for voters in November 2018. The study reflects concern that oversupply will affect product price and thus the economic feasibility of the envisioned facilities throughout the state. The study also reflects concern about possible diversion of oversupply to the illegal market. In addition, we are aware of reports that Oregon has an oversupply of marijuana.

For these reasons, the estimates assume that the number of Missouri dispensaries will grow more slowly than those in the three states on which the analysis is based. Thus, both application and license fee revenue will be lower as will the likely spending per person in this analysis.

Table 12 - Retail Marijuana Dispensaries in Other States

	# of stores	Change in #	% change
Colorado			
January 2014	161		
January 2015	356	195	121.1%
January 2016	422	66	18.5%
change over 3 years		261	162.1%
Washington			
FY 2015 - applications	175		
FY 2016 - active	525	350	200.0%
FY 2017 - active	507	(18)	(3.4%)
change over 3 years		332	189.7%
Oregon			
FY 2015	N/A		
FY 2016	N/A	0	#DIV/0!
FY 2017	N/A	0	#DIV/0!
change over 3 years		0	#DIV/0!

Marijuana sales over the first three years in other states

Table 13 shows data for the first three years of sales in Colorado[ii], Washington[iii], and Oregon[iv]. The population used for each year is from the estimates made by the U.S. Census Bureau.[v]

Colorado ($56.57/capita) and Washington ($37.24/capita) have year one sales lower than Oregon ($94.05/capita). Dividing the population of the three states into the total sales gives a first-year per capita sale of $57.74/capita. Washington had an unregulated medical marijuana program. Its lower per capita sales may be a function of the fact that it was harder to flip to adult use marijuana than in Oregon which had a regulated medical marijuana program.

By year three the Washington ($190.97) had grown dramatically from its low start. Oregon ($132.90) per capita sales which started as the highest per capita sales are the lowest by year three.

Table 13 - First 3 full-years of Marijuana Sales Retail Value for Colorado, Washington, and Oregon

State/year	Year of starting month	Population	Marijuana sales	$ per capita spent on Retail marijuana
Colorado				
Year 1	2014	5,351,218	$303,239,699	$56.67
Year 2	2015	5,452,107	$577,536,343	$105.93
Year 3	2016	5,540,921	$861,587,411	$155.50
Washington				
Year 1	2014	6,968,170	259,524,430.41	$37.24
Year 2	2015	7,061,410	786,404,467.45	$111.37
Year 3	2016	7,183,700	1,371,862,186.37	$190.97
Oregon				
Year 1	2016	4,091,404	$384,797,226	$94.05
Year 2	2017	4,146,592	$419,924,401	$101.27
Year 3	2018	4,190,713	$556,959,330	$132.90
Combined 3 state totals				
Year 1		16,410,792	947,561,355	$57.74
Year 2		16,660,109	1,783,865,211	$107.07
Year 3		16,915,334	2,790,408,928	$164.96

Table 14 shows the dollar per capita and percentage growth in the first three years of sales. Washington with its low start had very high growth in year 2. Colorado grew by 86.9%. In year two Oregon's growth slowed but it had dollar per capita sales very similar to Colorado. The combined 3 state totals are weighted by population and show 85.4% growth in the second year and 54.1% growth in the third year.

Table 14 - First 3 full-years of Marijuana Sales Retail Value for Colorado, Washington, and Oregon

State/year	$ per capita spent on Retail marijuana	$ Change in $/capita	% change in $/capita
Colorado			
Year 1	$56.67		
Year 2	$105.93	$49.26	86.9%
Year 3	$155.50	$49.57	46.8%
3-year change		$98.83	174.4%
Washington			
Year 1	$37.24		
Year 2	$111.37	$74.12	199.1%
Year 3	$190.97	$79.60	71.5%
3-year change		$153.72	412.8%
Oregon			
Year 1	$94.05		
Year 2	$101.27	$7.22	7.7%
Year 3	$132.90	$31.63	31.2%
3-year change		$38.85	41.3%
Combined 3 state totals			
Year 1	$57.74		
Year 2	$107.07	$49.33	85.4%
Year 3	$164.96	$57.89	54.1%
3-year change		$107.22	185.7%

Tourism

A portion of adult use marijuana sales are the result of visitors to the states that have approved such sales. Table 15 provides tourism data for Colorado, Washington, Oregon, and Missouri[vi]. Both Colorado and Washington have more than twice the number of visitor nights compared to its population as Missouri. In addition, Missouri's spending by visitors compared to population is substantially less than that of Colorado and Washington. The Oregon and Missouri numbers are similar on visitor nights but Missouri lags behind the Oregon spending level. It has been estimated that tourism accounts for less than 10% of Colorado's sales.[vii]

While Missouri may see an uptick of travelers and tourist dollars as a result of adult use marijuana sales it is starting at a significantly lower base to make a dramatic impact on tax collections.

Table 15 - Tourism Visitors and Spending

	Colorado	Washington	Oregon	Missouri
Population estimate 2018	5,695,564	7,535,591	4,190,713	6,126,452
# of visitor nights	85,200,000	128,700,000	29,100,000	42,000,000
Visitors per population	14.96	17.08	6.94	6.86
$ spending of visitors	$22,300,000,000	$24,400,000,000	$12,300,000,000	$13,500,000,000
Spending per population	$3,915.33	$3,237.97	$2,935.06	$2,203.56

Adult Use Marijuana Sales in Missouri

Table 16 provides a range for possible adult use marijuana sales for the first three years of the program. The population calculations were calculated using data from the Office of Administration, Division of Budget and Planning.[viii]

High-end estimate - assumes the population weighted combined 3 state totals from Colorado, Oregon, and Washington shown in Table 14 above. Per capita sales start at $57.74 and grow by 85.4% and 54.1% respectively in years 2 and 3. However, Missouri's base year marijuana usage, as shown in Table 10 is 3.63% to 5.64% below the starting base year for these three states. The value of adult use marijuana sales starts at $375.6 million in year 1 and grows to $1,086 million in year 3.

Low-end estimate - begins at Washington's $37.24/capita starting point. Missouri's marijuana usage is lower. However, Missouri will have a regulated medical marijuana program that Washington did not have when the adult use program began. The low-end estimate assumes the growth in the combined 3 state totals shown in Table 14 of 85.4% and 54.1% respectively in years 2 and 3. The value of adult use marijuana sales starts at $242.2 million in year 1 and grows to $700.2 million in year 3.

Moderate estimate - starts at $45 per capita. This is $11.67/capita lower, about 20% lower, than Colorado. It's higher than Washington's level which was suppressed in year 1. The moderate estimate assumes growth of 75% in year 2 and 50% in year 3.

As noted in Table 14 the three states had different paths to their three-year sales levels. Washington started much lower but had the highest growth in years 2 and 3. Oregon started with high sales per capita but very little growth in year 2 and moderate growth in year 3. The value of adult use marijuana sales starts at $292.7 million in year 1 and grows to $774.4 million in year 3.

The moderate estimate is conservative based on the data reviewed in the pages above.

- Missouri's base year marijuana usage according to federal surveys is lower than the level in Colorado, Oregon, and Washington at the start of the adult use marijuana program.
- Missouri has fewer tourists that could boost sales.

- The department has expressed concern about demand and will likely move more slowly than the other states in adding dispensaries and other facilities.
- Prices for adult use marijuana are difficult to estimate and are likely to decrease over the first few years as supply increases as has happened in the other states.
- It also reflects the difficulty of estimating a new program with limited experience in the other states and the need to make conservative budget assumptions for a healthy program.

Table 16 – Adult Use Marijuana Sales in Missouri

			Low End Estimate		Moderate Estimate		High End Estimate	
	Fiscal Year	Missouri Population	Per capita	Value of Adult use Sales	Per capita	Value of Adult use Sales	Per capita	Value of Adult use Sales
Year 1	2023	6,504,461	$37.24	$242,226,120	$45.00	$292,700,736	$57.74	$375,567,567
Year 2	2024	6,542,664	$69.04	$451,724,916	$78.75	$515,234,822	$107.07	$700,523,077
Year 3	2025	6,580,868	$106.40	$700,172,776	$118.13	$777,365,033	$164.96	$1,085,579,985

Tax, License, and Fee Revenue Estimate

Table 17 uses the moderate estimate of sales to calculate the tax revenues for the new Veterans, Infrastructure, and Health Fund, state general revenue, other state funds, and local funds. The local funds calculation assumes a 3.5% median sales tax derived from the Department of Revenue's list of 2,361 local sales tax rates.[ix] The first licenses will be awarded by early June 2022. The estimates assume the department will issue the license and complete the department's final inspection and other tasks with tax revenue beginning in July 2022 (FY 2023).

Combined State and local tax, fee, and license collections:

- A total all state and local funds of $2.7 million in FY 2021 rising to $182.3 million in FY 2025.
- A five-year total of $381.9 million in all state and local funds.

State license and fee collections:

- Total state funds of $2.7 million in FY 2021 and $5.7 million in FY 2025.
- A five-year total of $21.6 million in state funds.

State tax collections:

- A total all state funds of $56.3 million in FY 2023 rising to $149.4 million in FY 2025.
- A five-year total of $304.8 million in all state funds.
- Veterans, Infrastructure, and Health Fund: $43.9 million in FY 2023 rising to $116.6 million in FY 2025.
- General Revenue Fund: $8.8 million in FY 2023 rising to $23.3 million in FY 2025.
- Prop C: $2.9 million in FY 2023 rising to $7.8 million in FY 2025.
- Conservation: $365,876 in FY 2023 rising to $971,706 in FY 2025.
- Parks and Soils: $292,701 in FY 2023 rising to $777,365 in FY 2025.

Local tax collections:

- Total local funds of $10.2 million in FY 2023 rising to $27.2 million in FY 2025.
- A five-year total of $55.5 million in local funds.

Table 17 - Missouri Tax, License, and Fee Revenue Estimate

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	5-year total
Value of sales taxed	$0	$0	$292,700,736	$515,234,822	$777,365,033	$1,585,300,590
SALES TAX COLLECTIONS						
Veterans, Infrastructure, and Health Fund						
Proposed Missouri sales tax rate	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Sales tax revenue	$0	$0	$43,905,110	$77,285,223	$116,604,755	$237,795,089
License and fee revenue	$2,666,000	$4,472,000	$4,400,000	$4,400,000	$5,654,000	$21,592,000
subtotal VIH fund	$2,666,000	$4,472,000	$48,305,110	$81,685,223	$122,258,755	$259,387,089
General Revenue						
GR statutory sales tax rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Sales tax revenue	$0	$0	$8,781,022	$15,457,045	$23,320,951	$47,559,018
Prop C						
Prop C sales tax rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Sales tax revenue	$0	$0	$2,927,007	$5,152,348	$7,773,650	$15,853,006
Conservation						
Conservation sales tax rate	0.125%	0.125%	0.125%	0.125%	0.125%	0.125%
Sales tax revenue	$0	$0	$365,876	$644,044	$971,706	$1,981,626
Parks and Soils						
Parks and Soils sales tax rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Sales tax revenue	$0	$0	$292,701	$515,235	$777,365	$1,585,301
Total State Funds						
All state funds sales tax rate	19.225%	19.225%	19.225%	19.225%	19.225%	19.225%
Sales tax and license fee revenue	$2,666,000	$4,472,000	$60,671,716	$103,453,894	$155,102,427	$326,366,038
Local Sales Taxes						
Median sales tax rate from DOR	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Sales tax revenue	$0	$0	$10,244,526	$18,033,219	$27,207,776	$55,485,521
Total State and Local Funds						
State and local sales tax rate	22.725%	22.725%	22.725%	22.725%	22.725%	22.725%
Total Sales tax, license, and fee revenue	$2,666,000	$4,472,000	$70,916,242	$121,487,113	$182,310,204	$381,851,559

Allocation of Veterans, Infrastructure, and Health Fund

The proposed petition establishes a number of purposes for which the revenue derived is to be used. First, the Department of Revenue (collection costs) and the Department of Health and Senior Services (administration) are to receive their funds before allocation to the other major purposes. Table 18 shows the distribution among the uses identified in the petition.

Assumptions for the allocation table below include:

- The Department of Revenue takes the maximum 2% it is allowed to take for collection costs.
- The Department of Health and Senior Services spends the same amount, including fringe benefit costs, for administration of the adult use marijuana program as it received in the FY 2020 budget for the medical marijuana program. It will either do so by shifting some medical marijuana staff to the adult use program or add additional staff. A two percent inflation factor is provided beginning in FY 2024. For FY 2022 it is assumed that the department's cost above the Veterans, Infrastructure, and Health Fund revenues, if any, will be paid with a transfer from general revenue as provided by the act.
- The remaining uses receive their share as detailed in the petition.

Allocations:

- Local government: $6.3 million in FY 2023 rising to $20.7 million in FY 2025. A 5-year total of $39.9 million.
- Veterans: $8.4 million in FY 2023 rising to $27.6 million in FY 2025. A 5-year total of $53.1 million.
- Infrastructure: $8.4 million in FY 2023 rising to $27.6 million in FY 2025. A 5-year total of $53.1 million.
- Health: $8.4 million in FY 2023 rising to $27.6 million in FY 2025. A 5-year total of $53.1 million.

Table 18 - Allocation of Veterans, Infrastructure, and Health Fund

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	5-year total
Veterans, Infrastructure, and Health Fund						
Sales tax revenue - received	$0	$0	$43,905,110	$77,285,223	$116,604,755	$237,795,089
Application and license fees	$2,666,000	$4,472,000	$4,400,000	$4,400,000	$5,654,000	$21,592,000
Total VIH fund collections	$2,666,000	$4,472,000	$48,305,110	$81,685,223	$122,258,755	$259,387,089
Administration of tax and program						
Department of Revenue (2% of collections)	($53,320)	($89,440)	($966,102)	($1,633,704)	($2,445,175)	($5,187,742)
Department of Health and Senior Services (for administration)	($2,612,680)	($4,382,560)	($15,668,590)	($15,981,962)	($16,301,601)	($54,947,393)
Remainder to distribute to major purposes	$0	$0	$31,670,418	$64,069,557	$103,511,979	$199,251,954
Major Purposes						
Local governments (3/15ths of remainder)	$0	$0	$6,334,084	$12,813,911	$20,702,396	$39,850,391
Veterans (one-third after local govt.)	$0	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
Infrastructure (one-third after local govt.)	$0	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
Health (one-third after local govt.)	$0	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
subtotal for major purposes	$0	$0	$31,670,418	$64,069,557	$103,511,979	$199,251,954
Total allocated	$2,666,000	$4,472,000	$48,305,110	$81,685,223	$122,258,755	$259,387,089

Department of Health and Senior Services (DHSS) - costs

DHSS has experience with implementing the medical marijuana program in accordance with Amendment 2 passed by Missouri voters in November 2018. Thus, the learning curve should be dramatically reduced for the department for a fully legal adult use marijuana program. Much of the language of the new petition mirrors the framework and language from voter-approved Amendment 2 to implement the new program. The tasks that DHSS has already completed or will complete for the medical marijuana program includes, but is not limited to creating:

- rules for the medical marijuana program;
- Advisory Committees;
- a robust website with information about the program;
- forms and applications;
- an online application portal;
- awarding and completing a contract to provide for blind scoring of the applications;
- FAQs;
- videos to help applicants understand the process

- a significant outreach program to businesses and organizations involved or interested in the medical marijuana program;
- reporting mechanisms available to show the distribution of applicants across the state;
- other resources for applicants and the public; and
- educating the Governor and legislature on its budgetary needs to successfully implement the program.

DHSS was successful in receiving $846,726, including 3.5 staff, in FY 2019 supplemental budget funding to begin implementation of the medical marijuana program. In addition, DHSS received $15.7 million, including 52 staff and fringe benefits, in full year FY 2020 funding to implement the program. The staff included:

- 40 health facilities consultants to process and verify applications, inspect facilities, provide technical assistance to the testing facilities to assist with obtaining and maintaining certification; monitor for compliance, and other duties as needed.
- 4 health and senior services managers to manage patient and caregiver applications while meeting application decision deadlines; manage licensing and/or certification of medical marijuana cultivation facilities, dispensary facilities, infused products manufacturing facilities, testing facilities, transportation entities, seed-to-sale tracking systems; and provide ongoing management responsibilities.
- 2 attorneys to provide legal support.
- 1 Planner IV to project manage and work in conjunction with the IT project manager to plan, monitor, and execute the implementation of a seed-to-sale tracking system
- 1 designated principal assistant.
- 4 clerical support staff

Table 19 provides budget information for Colorado[x], Washington, and Oregon to provide perspective on their administrative costs for the Department of Revenue and the relevant administrative agencies. Missouri's $15.7 million budget for medical marijuana administration appears to be larger than the programs in the other states.

Table 19 - Administrative costs in Oregon, Washington, and Colorado

	Total (in millions)	FTE
Oregon		
Adult use	$19.0	68.0
Medical	$5.6	23.0
Total	$24.6	91.0
Washington		
Adult use & medical	$24.2	
Colorado		
Adult use	$14.5	120.1
Medical	$2.4	1.3
Total	$16.9	121.4

All of this success and sizable budget should make the additional cost of regulating legal marijuana more easily accomplished and keep costs down. For example, DHSS has 40 health facility consultants to process and verify applications, provide technical assistance, monitor compliance, and other duties.

DHSS asked for such a sizable staff in part because it was unclear whether OA ITSD would supply a highly functional IT system to process applications during this first round of applications. DHSS received 2,163 medical marijuana applications yet is expected to issue just 348 licenses – the minimum required by the medical marijuana amendment. DHSS has thus received about 6 times more applicants than the number it will approve.

The current DHSS process and timetable is for the first medical marijuana licenses to be issued in late December 2019 or early January 2020. Providing the necessary construction phase for the medical marijuana facilities and the initial growing period, Missourians can expect that medical marijuana product becomes available during the summer or fall of 2020 with dispensaries being opened from then until the end of 2020. DHSS has indicated publicly that it intends to go slowly on issuing licenses during the first few years of medical marijuana implementation to ensure that the marketplace is sufficient to provide a healthy medical marijuana industry and prevent an oversupply of product. There is little expectation that DHSS will begin another round of medical marijuana facilities expansion before late 2022 – which is beyond the dates contained in this petition and required for implementation of a legal marijuana program. Thus, there is no conflict or doubling up of application processing between the two programs.

As noted earlier in this analysis, for the first 548 days of legal marijuana applications DHSS may only accept applications for licensure from entities holding similar medical marijuana facility licenses. The 40 health facility consultants will face a maximum of 348 marijuana facility applications in late 2021, 16% of what they faced in 2019. In addition, the health facility consultants and all of the staff only have to deal with facilities that they have already instructed, inspected, monitored for compliance, and reviewed. The owners and staff of the medical marijuana facilities will already be knowledgeable of all of the rules and regulations and will have developed a strong working relationship with DHSS.

It is assumed that there will be some costs required to process adult use marijuana facility applications. Costs for OA ITSD for IT services are included in the DHSS medical marijuana budget and can be used to provide additional functionality to reduce the amount of paperwork done by the health facilities consultants and clerical staff. Providing a more efficient, robust and user-friendly application portal will help the department. In addition, additional website development to improve reporting tools, update videos, and other functionality can be completed before the adult use program applications are announced. Blind scoring costs currently in the DHSS budget will not be needed for the first round of adult use marijuana application evaluation.

This analysis assumes that the department will spend the same $15.7 million for their administrative costs for adult use as it did for medical marijuana. It will either do so by shifting some medical marijuana staff to the adult use program or add additional staff. There likely will be significant cost savings in administrative costs when the medical and adult use programs are operational. As shown in Table 19, Colorado, Washington, and Oregon spend much less than the $32 million in administration for both programs that possible under the assumptions of this analysis. Those savings are not calculated herein and will be decided by the Governor and legislature as both programs proceed.

Department of Corrections Savings

In a fiscal note to HB 1448 (2018) the Department of Corrections laid out its estimate of savings to a bill that allowed adult use marijuana. It indicated substantial savings. The department reported that the annual number of persons admitted for cannabis offenses was expected to be 209 with an additional 986 sent to probation. It also reported that the average incarcerated offender spent one year in prison and three more years on parole.

https://house.mo.gov/billtracking/bills181/fiscal/fispdf/4952-01N.ORG.pdf

In its 2017 Annual Report the Missouri Board of Probation and Parole reported that the per diem cost of incarceration was $58.85 compared to $5.39 for probation or parole. Revised numbers have not been made available by the Department. However, the 2017 costs are included in the analysis below to identify the cost savings of the initiative petition to the Department. A two percent inflation factor is assumed for institutional and probation/parole costs.

The number of people normally incarcerated remains static in this analysis at 209 each year since a new cohort comes in and then leaves after one year. At $58.85/day ($21,480/year) the department will save $4.5 million in incarceration costs. The number of people normally expected to be under supervision grows until it peaks at year four. The 209 that normally serves three years of probation increases until it tops out at 627. The 986 people that normally serve three years of supervision tops out at 2,958. The number of people that will not be under supervision in year four is 3,794. The savings run from $6.4 million in year one to $12.2 million in year four.

Table 20 - Department of Corrections - Savings				
	FY 2022	FY 2023	FY 2024	FY 2025
Incarcerated	209	209	209	209
Parole		209	418	627
Probation	986	1,972	2,958	2,958
subtotal supervision	986	2,181	3,376	3,585
Total affected population	1,195	2,390	3,585	3,794
Institutional costs/day	$58.85	$60.03	$61.23	$62.45
Institutional costs/year	$21,480	$21,910	$22,348	$22,795
Probation/parole costs/day	$5.39	$5.50	$5.61	$5.72
Probation/parole costs/year	$1,967	$2,007	$2,047	$2,088
Savings institutional	$4,489,372	$4,579,160	$4,670,743	$4,764,158
Savings probation/parole	$1,939,807	$4,376,606	$6,910,101	$7,484,647
Total Savings	$6,429,179	$8,955,766	$11,580,844	$12,248,805

This measure will not result in an increase in crime as a result of the legalization of adult use marijuana. A recent study published by Reason Magazine[xi] concluded legalization reduced possession and other marijuana crimes and relieved the burden placed on courts, law enforcement and prisons, allowing for greater focus on violent crime. It also identified other studies that showed that opioid use and deaths decreased in states with adult use marijuana. It reports on studies that show reduction in property crime and others that suggest that marijuana use does not lead to an increase in violent crime. Some more recent studies suggest that legalization might reduce violent crime. The Reason study also reported on a recent study that found legalization of marijuana for recreational use in Colorado and Washington was associated with an improvement in the rate of clearance of cases relating to violent crimes.

A federally funded study[xii] of the experience in Colorado and Washington also concluded that marijuana legislation had minimal to no effect on major crimes in those states. The study found no statistically significant long-term effects of recreational cannabis laws or the initiation of retails sales on violent or property crimes in those states. The analysis was based on FBI data on violent, property, aggravated assault, auto theft, burglary, larceny, and robbery crime rates. The one trend that held was a decrease in the burglary rate in Washington. The study also called out some published research for bad research design and data for studies that purported to show increases in crime. The study found some immediate effect on crime in Colorado (property crime) and Washington (larceny) at the point of legalization but the trends suggest that if marijuana legalization influenced crime, it was short-lived.

Multiple analyses have concluded that medical marijuana laws are not causally linked with increases in violent crime or property crime.[xiii] RAND researchers found a negative and significant relationship between dispensary allowances and property crime rates.[xiv] A September 2019 study in Regional Science and Urban Economics reports reduction in crimes in areas around marijuana dispensaries.[xv]

The Cato Institute studied outcomes in Colorado and Washington, including crime rates in Denver and Seattle, and found no statistical relationship between passage of adult-use legalization and increased crime.[xvi] In a recent paper a University of Washington researcher used regression analysis on crime data from 1990 to 2017 and found that the legalization of marijuana, both recreational and medical, does not increase violent crime rates but could lead to a decline in violent crime such as homicide, robbery and aggravated assault.[xvii] A peer-reviewed study published in *The Economic Journal* indicates that legalizing marijuana is likely reducing crime in many states by displacing the illicit markets traditionally controlled by drug cartels.[xviii]

Other news reports also show a minimal impact of legal marijuana on crime[xix] and its effect on reducing opioid use and deaths.

Public Defender Savings

The State Public Defender's Office also estimated its savings in the same fiscal note to HB 1448 (2018). The Public Defender reported that the bill would save 52,230 attorney hours, or slightly more than 25 attorneys based on the state's 2,080-hour work year. The Public Defender assumed that 25% of drug cases relate to marijuana affecting about 2,472 cases. However, it did not convert the 52,230 hours savings into a dollar amount. It stated that it would not cut its budget because it is staffed substantially below the level it believes is necessary to meet its caseload standards.

Table 21 provides the conversion of hours saved into dollars using the FY 2020 budget request for 385 additional staff made by the Public Defender's Office. The FY 2020 budget request included a request for attorneys at a salary of $60,084 and a secretary for every three attorneys at a salary of $28,668. That provides a savings of $1.7 million in salaries if the Public Defender's budget was cut to keep its staffing levels at the level the General Assembly has been providing. The expense and equipment requests provided $10,500/attorney in travel and $6,380/FTE for all other expense and equipment leading to a savings of $475,145. Fringe benefit savings would add another $1 million. Total savings to the Public Defender's budget annually is estimated at $3.3 million. However, the petitioners do not recommend such cuts.

Table 21 - Public Defender possible savings			
Hours saved	52,230		
Yearly hours per FTE	2,080		
FTE saved	25.11		
	# staff	Avg. salary	Total
Public defenders	25	$60,084	$1,502,100
Secretary (1 for every 3 attorneys)	8.33	$28,668	$238,804
subtotal Personal Service Savings			$1,740,904
Expense & equipment			
Travel	25	$10,500	$262,500
Other items	33.33	$6,380	$212,645
subtotal E&E Savings			$475,145
Fringe benefits (59.8% of PS costs)			$1,041,061
Total savings for Public Defender			$3,257,110

Other department – costs, revenues, or savings

The Missouri State Highway Patrol (MSHP) should expect additional revenue as a result of this proposal. For HB 1448 (2018) the MSHP estimated income of $540,584 for the Criminal Records System Fund as a result of fingerprint and criminal record system checks in the first year and $54,054 annually thereafter.

The Office of Administration, Information Technology Systems Division provided IT support to DHSS. Possible additional costs to OA ITSD are included in the DHSS cost discussion of this analysis.

The Office of State Courts Administrator, the courts, the Department of Corrections, and the Public Defender may have additional costs to process expungement of marijuana convictions from criminal records. The petition provides that people with such convictions "may apply for expungement upon the

effective date of this section and such expungement shall be granted…". A search of the Missouri General Assembly's bill list for the past seven regular sessions found three bills filed by Rep. Ellington from 2014-2016 that included expungement of such records. It was not the same as the petition's provisions. The Oversight Division did not complete a fiscal note of the possible costs or savings.

Footnotes:

[i] [i] SAMSHA, National Survey on Drug Use and Health - https://www.samhsa.gov/data/nsduh/state-reports-NSDUH-2016

[ii] Colorado provides data on monthly sales and monthly tax revenue. Colorado Department of Revenue, Monthly sales of marijuana. Excel spreadsheet downloaded. https://www.colorado.gov/pacific/revenue/colorado-marijuana-sales-reports. Monthly tax receipts from marijuana sales. Excel spreadsheet downloaded. https://www.colorado.gov/pacific/revenue/colorado-marijuana-tax-data

[iii] Washington's website has annual data for the first three years but only part of a 2018. https://data.lcb.wa.gov/Sales/Sales-and-Tax-Grouped-by-Fiscal-Year-Chart-/g9n8-n3mg. Monthly tax data is not on the Washington website but can be found at the following site but the monthly numbers when added are slightly different that the state annual numbers. https://www.502data.com/

[iv] Oregon Department of Revenue. Download excel spreadsheet. https://www.oregon.gov/DOR/programs/gov-research/Pages/research-marijuana.aspx

[v] U.S. Census Bureau https://www.census.gov/data/tables/time-series/demo/popest/2010s-state-total.html

[vi] Data obtained from the Division of Tourism offices in each state.

[vii] Governing Magazine, High on Pot Taxes, September 2019. https://www.governing.com/columns/public-money/gov-pot-taxes-high.html?utm_term=High%20on%20Pot%20Taxes&utm_campaign=High%20on%20Pot%20Taxes&utm_content=email&utm_source=Act-On+Software&utm_medium=email

[viii] Missouri Office of Administration, Division of Budget and Planning. https://archive.oa.mo.gov/bp/projections/TotalPop.pdf. The population estimates are at five year intervals. To determine the numbers for years 2023-2025 for this analysis the 2020 to 2025 total change was calculated and divided to determine the level annual increase per year needed to make the 2025 number – 38,204 increase per year.

[ix] Missouri Department of Revenue, Sales and Use tax rate table in effect for August/September 2019; https://dor.mo.gov/business/sales/taxcards/multiletter.pdf

[x] Colorado Joint Budget Committee, Marijuana Policy Overview. https://leg.colorado.gov/sites/default/files/fy2019-20_marbrf.pdf

[xi] Reason Foundation, Does Legalizing Marijuana Reduce Crime. September 2018. https://reason.org/wp-content/uploads/does-legalizing-marijuana-reduce-crime.pdf

[xii] Justice Quarterly. The Cannabis Effect on Crime: Time-Series Analysis of Crime in Colorado and Washington State. October 8, 2019 https://www.tandfonline.com/doi/full/10.1080/07418825.2019.1666903. Marijuana Moment article about study: https://www.marijuanamoment.net/marijuana-legalization-doesnt-cause-increased-crime-federally-funded-study-finds/.

[xiii] Shepard, E. M., et al. (2016). Medical Marijuana and Crime: Further Evidence From the Western States. *Journal of Drug Issues*. https://doi.org/10.1177/0022042615623983
Chu, Y. L., et al. (2019). Joint culpability: The effects of medical marijuana laws on crime. *Journal of Economic Behavior & Organization*, https://doi.org/10.1016/j.jebo.2018.07.003

[xiv] Hunt, P., et al. (2018). High on Crime? Exploring the Effects of Marijuana Dispensary Laws on Crime in California Counties. Institute of Labor Economics. Accessed from http://ftp.iza.org/dp11567.pdf

[xv] Jeffrey Brinkman and David Mok-Lamm. "Not in my backyard? Not so fast" The effect of marijuana legalization on neighborhood crime Regional Science and Urban Economics. September 2019. https://www.sciencedirect.com/science/article/abs/pii/S016604621830293X?via%3Dihub

[xvi] Dills, A., et al (2016). Dose of Reality: The Effect of State Marijuana Legalizations. Cato Institute. Retrieved from https://www.cato.org/publications/policy-analysis/dose-reality-effect-state-marijuana-legalizations.

[xvii] Rice, A. (2019) A blunt look at the impacts marijuana has on violent crime (manuscript). University of Washington. Accessed from https://digital.lib.washington.edu/researchworks/handle/1773/44495.

[xviii] Gavrilova, E., et al. (2017). Is Legal Pot Crippling Mexican Drug Trafficking Organisations? The Effect of Medical Marijuana Laws on US Crime. *The Economic Journal*, https://doi.org/10.1111/ecoj.12521.

[xix] Washington Post, https://www.washingtonpost.com/news/wonk/wp/2016/10/13/heres-how-legal-pot-changed-colorado-and-washington/?wpisrc=nl_wonk&wpmm=1.
And https://www.washingtonpost.com/news/wonk/wp/2016/06/21/colorado-survey-shows-what-marijuana-legalization-will-do-to-your-kids/?wpisrc=nl_wonk&wpmm=1

And https://www.washingtonpost.com/news/wonk/wp/2016/07/13/one-striking-chart-shows-why-pharma-companies-are-fighting-legal-marijuana/?wpisrc=nl_headlines&wpmm=1

And https://www.washingtonpost.com/news/wonk/wp/2016/08/29/study-medical-marijuana-changes-how-employees-use-sick-time/?wpisrc=nl_wonk&wpmm=1

And https://www.washingtonpost.com/news/wonk/wp/2018/04/02/two-new-studies-show-how-marijuana-can-help-fight-the-opioid-epidemic/

And https://www.washingtonpost.com/news/wonk/wp/2017/10/16/legal-marijuana-is-saving-lives-in-colorado-study-finds/

Marijuana legalization is not linked with increased crime rates

"All those [marijuana] arrests do is make people hate us."
— Cathy Lanier, former police chief for Washington, D.C.

"Our state's efforts to regulate the sale of marijuana are succeeding. A few years ago, the illegal trafficking of marijuana lined the pockets of criminals everywhere. Now, in our state, illegal trafficking activity is being displaced by a closely regulated marijuana industry that pays hundreds of millions of dollars in taxes. This frees up significant law enforcement resources to protect our communities in other, more pressing ways."
— Washington State Gov. Jay Inslee and Attorney General Bob Ferguson

Government-published data, academic research, and the experiences of many law enforcement officials indicate that marijuana policy reform does not increase crime rates. Relying on statistics from the FBI's Uniform Crime Reports, peer-reviewed studies have analyzed changes after passage of both adult-use legalization and medical marijuana laws. Contrary to assertions made by some opponents of legalization, there is no compelling basis for claims that legalizing marijuana and establishing regulated markets undermines public safety.

For medical marijuana, multiple analyses have concluded that these laws are not linked with increases in violent crime or property crime.[1] In fact, researchers from RAND discovered a "negative and significant relationship between dispensary allowances and property crime rates."[2]

Similarly, available evidence suggests that legalizing marijuana for adults does not lead to increased crime of any variety either. In a 2018 study, scientists found "no statistically significant long-term effects of recreational cannabis laws or the initiation of retail sales on violent or property crime rates."[3] In a more recent paper using regression analysis, a University of Washington researcher wrote, "Results indicate that the legalization of marijuana, both recreational and medical, does not increase violent crime rates. In contrast, marijuana legalization could lead to a decline in violent crime such as homicide, robbery and aggravated assault."[4]

Other studies also point to marijuana policy reform as a public safety benefit. In a 2018 analysis, experts at Washington State University found that police solved significantly more violent and property crimes after passage of legalization laws in Colorado and Washington.[5] Another peer-reviewed paper in *The Economic Journal* supports the argument that legalizing marijuana reduces crime by displacing illicit markets traditionally controlled by drug cartels and illicit distributors.[6]

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[1] Shepard, E. M., et al. (2016). Medical Marijuana and Crime: Further Evidence From the Western States. *Journal of Drug Issues*. Accessed from https://doi.org/10.1177/0022042615623983
Chu, Y. L., et al. (2019). Joint culpability: The effects of medical marijuana laws on crime. *Journal of Economic Behavior & Organization*. Accessed from https://doi.org/10.1016/j.jebo.2018.07.003
[2] Hunt, P., et al. (2018). High on Crime? Exploring the Effects of Marijuana Dispensary Laws on Crime in California Counties. Institute of Labor Economics. Accessed from http://ftp.iza.org/dp11567.pdf
[3] Lu, R., et al. (2018). The Cannabis Effect on Crime: Time-Series Analysis of Crime in Colorado and Washington State. *Justice Quarterly*. Accessed from https://doi.org/10.1080/07418825.2019.1666903
[4] Rice, A. (2019). A blunt look at the impacts marijuana has on violent crime (manuscript). University of Washington. Accessed from https://digital.lib.washington.edu/researchworks/handle/1773/44495
[5] Makin, D.A., et al. (2018). Marijuana Legalization and Crime Clearance Rates: Testing Proponent Assertions in Colorado and Washington State. *Police Quarterly*. Accessed from https://doi.org/10.1177/1098611118786255
[6] Gavrilova, E., et al. (2017). Is Legal Pot Crippling Mexican Drug Trafficking Organisations? The Effect of Medical Marijuana Laws on US Crime. *The Economic Journal*. Accessed from https://doi.org/10.1111/ecoj.12521

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State government entities are expected to have one-time costs of $21 million, annual costs of up to $6 million, and annual revenues from $93 million to $155 million by 2025. Local governments estimate unknown costs and are expected to have annual revenues from $17 million to $27 million by 2025.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

October 29, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
OCT 29 2019
STATE AUDITORS OFFICE

RE: Petition approval request from Deirdre Hirner regarding a proposed constitutional amendment to Article XIV (2020-127)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Deirdre Hirner on October 28, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

MOB000001

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County _____

INITIATIVE PETITION

Page No. _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

	Signature	Date Signed	Registered Voting Address	Zip Code	Cong. District	Printed First and Last Name
1						
2						
3						
4						
5						
6						
7						
8						
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

_____ Signature of Affiant (Person obtaining signatures)

_____ Street Address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____

(Seal)

_____ Signature of Notary

_____ Address of Notary

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Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article XIV is amended by amending Section 1 of Article XIV and enacting one new section to be known as Section 2 of Article XIV, to read as follows:

XIV Section 1. Right to access medical marijuana. — 1. Purposes.

This section is intended to permit state-licensed physicians to recommend marijuana for medical purposes to patients with serious illnesses and medical conditions. The section allows patients with qualifying medical conditions the right to discuss freely with their physicians the possible benefits of medical marijuana use, the right of their physicians to provide professional advice concerning the same, and the right to use medical marijuana for treatment under the supervision of a physician.

This section is intended to make only those changes to Missouri laws that are necessary to protect patients, their primary caregivers, and their physicians from civil and criminal penalties, and to allow for the limited legal production, distribution, sale and purchase of marijuana for medical use. This section is not intended to change current civil and criminal laws governing the use of marijuana for nonmedical purposes. The section does not allow for the public use of marijuana and driving under the influence of marijuana.

2. Definitions.

(1) **"Administer"** means the direct application of marijuana to a qualifying patient by way of any of the following methods:

(a) Ingestion of capsules, teas, oils, and other marijuana-infused products;

(b) Vaporization or smoking of dried flowers, buds, plant material, extracts, or oils;

(c) Application of ointments or balms;

(d) Transdermal patches and suppositories;

(e) Consuming marijuana-infused food products; or

(f) Any other method recommended by a qualifying patient's physician.

(2) **"Department"** means the department of health and senior services, or its successor agency.

(3) **"Entity"** means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) **"Flowering plant"** means a marijuana plant from the time it exhibits the first signs of sexual maturity through harvest.

(5) **"Marijuana"** or **"marihuana"** means *Cannabis indica*, *Cannabis sativa*, and *Cannabis ruderalis*, hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" or "marihuana" do not include industrial hemp containing a cropwide average tetrahydrocannabinol concentration that does not exceed three-tenths of one percent on a dry weight basis, or commodities or products manufactured from industrial hemp.

(6) **"Marijuana-infused products"** means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(7) **"Medical marijuana cultivation facility"** means a facility licensed by the department to acquire, cultivate, process, store, transport, and sell marijuana to a medical marijuana dispensary facility, medical marijuana testing facility, or to a medical marijuana-infused products manufacturing facility.

(8) **"Medical marijuana dispensary facility"** means a facility licensed by the department to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and drug paraphernalia used to administer marijuana as provided for in this section to a qualifying patient, a primary caregiver, another medical marijuana dispensary facility, a medical marijuana testing facility, or a medical marijuana-infused products manufacturing facility.

(9) **"Medical marijuana-infused products manufacturing facility"** means a facility licensed by the department to acquire, store, manufacture, transport, and sell marijuana-infused products to a medical marijuana dispensary facility, a medical marijuana testing facility, or to another medical marijuana-infused products manufacturing facility.

(10) **"Medical marijuana testing facility"** means a facility certified by the department to acquire, test, certify, and transport marijuana.

(11) **"Medical use"** means the production, possession, delivery, distribution, transportation, or administration of marijuana or a marijuana-infused product, or drug paraphernalia used to administer marijuana or a marijuana-infused product, for the benefit of a qualifying patient to mitigate the symptoms or effects of the patient's qualifying medical condition.

(12) **"Physician"** means an individual who is licensed and in good standing to practice medicine or osteopathy under Missouri law.

(13) **"Physician certification"** means a document, whether handwritten, electronic or in another commonly used format, signed by a physician and stating that, in the physician's professional opinion, the patient suffers from a qualifying medical condition.

(14) **"Primary caregiver"** means an individual twenty-one years of age or older who has significant responsibility for managing the well-being of a qualifying patient and who is designated as such on the primary caregiver's application for an identification card under this section or in other written notification to the department.

(15) **"Qualifying medical condition"** means the condition of, symptoms related to, or side-effects from the treatment of:

(a) Cancer;

(b) Epilepsy;

(c) Glaucoma;

(d) Intractable migraines unresponsive to other treatment;

(e) A chronic medical condition that causes severe, persistent pain or persistent muscle spasms, including but not limited to those associated with multiple sclerosis, seizures, Parkinson's disease, and Tourette's syndrome;

(f) Debilitating psychiatric disorders, including, but not limited to, posttraumatic stress disorder, if diagnosed by a state licensed psychiatrist;

(g) Human immunodeficiency virus or acquired immune deficiency syndrome;

(h) A chronic medical condition that is normally treated with a prescription medication that could lead to physical or psychological dependence, when a physician determines that medical use of marijuana could be effective in treating that condition and would serve as a safer alternative to the prescription medication;

(i) Any terminal illness; or

(j) In the professional judgment of a physician, any other chronic, debilitating or other medical condition, including, but not limited to, hepatitis C, amyotrophic lateral sclerosis, inflammatory bowel disease, Crohn's disease, Huntington's disease, autism, neuropathies, sickle cell anemia, agitation of Alzheimer's disease, cachexia, and wasting syndrome.

(16) **"Qualifying patient"** means a Missouri resident diagnosed with at least one qualifying medical condition.

3. Creating Patient Access to Medical Marijuana.

(1) In carrying out the implementation of this section, the department shall have the authority to:

(a) Grant or refuse state licenses and certifications for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use as provided by law; suspend, fine, restrict, or revoke such licenses and certifications upon a violation of this section or a rule promulgated pursuant to this section; and impose any administrative penalty authorized by this section or any rule promulgated pursuant to this section.

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana for medical use and for the enforcement of this section so long as patient access is not restricted unreasonably and such rules are reasonably necessary for patient safety or to restrict access to only licensees and qualifying patients.

(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section;

(d) Require a seed-to-sale tracking system that tracks medical marijuana from either the seed or immature plant stage until the medical marijuana or medical marijuana-infused product is sold to a qualifying patient or primary caregiver to ensure that no medical marijuana grown by a medical marijuana cultivation facility or manufactured by a medical marijuana-infused products manufacturing facility is sold or otherwise transferred except by a medical marijuana dispensary facility. The department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees.

(e) Issue standards for the secure transportation of marijuana and marijuana-infused products. The department shall certify entities which demonstrate compliance with its transportation standards to transport marijuana and marijuana-infused products to a medical marijuana cultivation facility, a medical marijuana-infused products manufacturing facility, a medical marijuana dispensary facility, a medical marijuana testing facility, or another entity with a transportation certification. The department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity licensed or certified pursuant to this section shall be allowed to transport cannabis.

(f) The department may charge a fee not to exceed $5,000 for any certification issued pursuant to this section.

(g) Prepare and transmit annually a publicly available report accounting to the governor for the efficient discharge of all responsibilities assigned to the department under this section;

(h) Establish a system to numerically score competing medical marijuana licensee and certificate applicants, only in cases where more applicants apply than the minimum number of licenses or certificates as calculated by this section, which scoring shall be limited to an analysis of the following:

(i) the character, veracity, background, qualifications, and relevant experience of principal officers or managers;

(ii) the business plan proposed by the applicant, which in the case of cultivation facilities and dispensaries shall include the ability to maintain an adequate supply of marijuana, plans to ensure safety and security of qualifying patients and the community, procedures to be used to prevent diversion, and any plan for making marijuana available to low-income qualifying patients;

(iii) site security;

(iv) experience in a legal cannabis market;

(v) in the case of medical marijuana testing facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and/or potency and health care industry experience;

(vi) the potential for positive economic impact in the site community;

(vii) in the case of medical marijuana cultivation facilities, capacity or experience with agriculture, horticulture, and health care;

(viii) in the case of medical marijuana dispensary facilities, capacity or experience with health care, the suitability of the proposed location, and its accessibility for patients;

(ix) in the case of medical marijuana-infused products manufacturing facilities, capacity or experience with food and beverage manufacturing; and

(x) maintaining competitiveness in the marijuana for medical use marketplace.

In ranking applicants and awarding licenses and certificates, the department may consult or contract with other public agencies with relevant expertise regarding these factors. The department shall lift or ease any limit on the number of licensees or certificate holders in order to meet the demand for marijuana for medical use by qualifying patients.

(2) The department shall issue any rules or emergency rules necessary for the implementation and enforcement of this section and to ensure the right to, availability, and safe use of marijuana for medical use by qualifying patients. In developing such rules or emergency rules, the department may consult with other public agencies. In addition to any other rules or emergency rules necessary to carry out the mandates of this section, the department may issue rules or emergency rules relating to the following subjects:

(a) Compliance with, enforcement of, or violation of any provision of this section or any rule issued pursuant to this section, including procedures and grounds for denying, suspending, fining, restricting, or revoking a state license or certification issued pursuant to this section;

(b) Specifications of duties of officers and employees of the department;

(c) Instructions or guidance for local authorities and law enforcement officers;

(d) Requirements for inspections, investigations, searches, seizures, and such additional enforcement activities as may become necessary from time to time;

(e) Creation of a range of administrative penalties for use by the department;

(f) Prohibition of misrepresentation and unfair practices;

(g) Control of informational and product displays on licensed premises provided that the rules may not prevent or unreasonably restrict appropriate signs on the property of the medical marijuana dispensary facility, product display and examination by the qualifying patient and/or primary caregiver, listings in business directories including phone books, listings in marijuana-related or medical publications, or the sponsorship of health or not for profit charity or advocacy events;

(h) Development of individual identification cards for owners, officers, managers, contractors, employees, and other support staff of entities licensed or certified pursuant to this

section, including a fingerprint-based federal and state criminal record check in accordance with U.S. Public Law 92-544, or its successor provisions, as may be required by the department prior to issuing a card and procedures to ensure that cards for new applicants are issued within fourteen days. Applicants licensed pursuant to this section shall submit fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol, if necessary, shall forward the fingerprints to the Federal Bureau of Investigation (FBI) for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted pursuant to 43.543 and fees shall be paid pursuant to 43.530;

(i) Security requirements for any premises licensed or certified pursuant to this section, including, at a minimum, lighting, physical security, video, alarm requirements, and other minimum procedures for internal control as deemed necessary by the department to properly administer and enforce the provisions of this section, including reporting requirements for changes, alterations, or modifications to the premises;

(j) Regulation of the storage of, warehouses for, and transportation of marijuana for medical use;

(k) Sanitary requirements for, including, but not limited to, the preparation of medical marijuana-infused products;

(l) The specification of acceptable forms of picture identification that a medical marijuana dispensary facility may accept when verifying a sale;

(m) Labeling and packaging standards;

(n) Records to be kept by licensees and the required availability of the records;

(o) State licensing procedures, including procedures for renewals, reinstatements, initial licenses, and the payment of licensing fees;

(p) The reporting and transmittal of tax payments;

(q) Authorization for the department of revenue to have access to licensing information to ensure tax payment and the effective administration of this section; and

(r) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(3) The department shall issue rules or emergency rules for a medical marijuana and medical marijuana-infused products independent testing and certification program for medical marijuana licensees and requiring licensees to test medical marijuana using one or more impartial, independent laboratories to ensure, at a minimum, that products sold for human consumption do not contain contaminants that are injurious to health, to ensure correct labeling and measure potency. The department shall not require any medical marijuana or medical marijuana-infused products to be tested more than once prior to sale.

(4) The department shall issue rules or emergency rules to provide for the certification of and standards for medical marijuana testing facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The department shall certify, if possible, at least two entities as medical marijuana testing facilities. No medical marijuana testing facility shall be owned by an entity under substantially common control, ownership, or management as a medical marijuana cultivation facility, medical marijuana-infused product manufacturing facility, or medical marijuana dispensary facility.

(5) [The department shall maintain the confidentiality of reports or other information obtained from an applicant or licensee containing any individualized data, information, or records related to the licensee or its operation, including sales information, financial records, tax returns, credit reports, cultivation information, testing results, and security information and plans, or revealing any patient information, or any other records that are exempt from public inspection

pursuant to state or federal law. Such reports or other information may be used only for a purpose authorized by this section. Any information released related to patients may be used only for a purpose authorized by federal law and this section, including verifying that a person who presented a patient identification card to a state or local law enforcement official is lawfully in possession of such card.] Beginning December 2, 2020, all public records produced or retained pursuant to this section are subject to the general provisions of the Missouri Sunshine Law, as amended from time to time. Notwithstanding the foregoing, records containing proprietary business information obtained from an applicant or licensee are subject to closure. For documents submitted on or after December 2, 2020, the applicant or licensee shall label business information it believes to be proprietary prior to submitting it to the department. For documents submitted prior to December 2, 2020, the applicant or licensee may advise the department, through a department approved process, of any records previously submitted by the applicant or licensee it believes contain proprietary business information. Proprietary business information shall include sales information, financial records, tax returns, credit reports, cultivation information unrelated to product safety, testing results unrelated to product safety, site security information and plans, and individualized consumer information. The presence of proprietary business information shall not justify the closure of public records:

(a) identifying the applicant or licensee;

(b) relating to any citation, notice of violation, tax delinquency, or other enforcement action;

(c) relating to any public official's support or opposition relative to any applicant, licensee, or their proposed or actual operations;

(d) where disclosure is reasonably necessary for the protection of public health or safety; or

(e) that are otherwise subject to public inspection under other applicable law.

(6) Within one hundred eighty days of December 6, 2018, the department shall make available to the public license application forms and application instructions for medical marijuana cultivation facilities, medical marijuana testing facilities, medical marijuana dispensary facilities, and medical marijuana-infused products manufacturing facilities.

(7) Within one hundred eighty days of December 6, 2018, the department shall make available to the public application forms and application instructions for qualifying patient, qualifying patient cultivation, and primary caregiver identification cards. Within two hundred ten days of December 6, 2018, the department shall begin accepting applications for such identification cards.

(8) An entity may apply to the department for and obtain one or more licenses to grow marijuana as a medical marijuana cultivation facility. Each facility in operation shall require a separate license, but multiple licenses may be utilized in a single facility. Each indoor facility utilizing artificial lighting may be limited by the department to thirty thousand square feet of flowering plant canopy space. Each outdoor facility utilizing natural lighting may be limited by the department to two thousand eight hundred flowering plants. Each greenhouse facility using a combination of natural and artificial lighting may be limited by the department, at the election of the licensee, to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a nonrefundable fee of ten thousand dollars per license application or renewal for all applicants filing an application within three years of December 6, 2018, and shall charge each applicant a nonrefundable fee of five thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of twenty-five thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three medical marijuana cultivation facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(9) An entity may apply to the department for and obtain one or more licenses to operate a medical marijuana dispensary facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a nonrefundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of December 6, 2018, and shall charge each applicant a nonrefundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than five medical marijuana dispensary facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(10) An entity may apply to the department for and obtain one or more licenses to operate a medical marijuana-infused products manufacturing facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a nonrefundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of December 6, 2018, and shall charge each applicant a nonrefundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three medical marijuana-infused products manufacturing facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(11) Any applicant for a license authorized by this section may prefile their application fee with the department beginning 30 days after December 6, 2018.

(12) Except for good cause, a qualifying patient or his or her primary caregiver may obtain an identification card from the department to cultivate up to six flowering marijuana plants for the exclusive use of that qualifying patient. The card shall be valid for twelve months from its date of issuance and shall be renewable with the annual submittal of a new or updated physician's certification. The department shall charge an annual fee for the card of one hundred dollars, with such rate to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency.

(13) The department may set a limit on the amount of marijuana that may be purchased by or on behalf of a single qualifying patient in a thirty-day period, provided that limit is not less than four ounces of dried, unprocessed marijuana, or its equivalent. Any such limit shall not apply to a qualifying patient with written certification from two independent physicians that there are compelling reasons why the qualifying patient needs a greater amount than the limit established by the department.

(14) The department may set a limit on the amount of marijuana that may be possessed by or on behalf of each qualifying patient, provided that limit is not less than a sixty-day supply of dried, unprocessed marijuana, or its equivalent. A primary caregiver may possess a separate legal limit for each qualifying patient under their care and a separate legal limit for themselves if they are a qualifying patient. Qualifying patients cultivating marijuana for medical use may possess up to a ninety-day supply, so long as the supply remains on property under their control. Any such limit shall not apply to a qualifying patient with written certification from two independent physicians that there are compelling reasons for additional amounts. Possession of between the legal limit and up to twice the legal limit shall subject the possessor to department sanctions, including an administrative penalty and loss of their patient identification card for up to a year. Purposefully possessing amounts in excess of twice the legal limit shall be punishable by imprisonment of up to one year and a fine of up to two thousand dollars.

(15) The department may restrict the aggregate number of licenses granted for medical marijuana cultivation facilities, provided, however, that the number may not be limited to fewer

than one license per every one hundred thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(16) The department may restrict the aggregate number of licenses granted for marijuana-infused products manufacturing facilities, provided, however, that the number may not be limited to fewer than one license per every seventy thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(17) The department may restrict the aggregate number of licenses granted for medical marijuana dispensary facilities, provided, however, that the number may not be limited to fewer than twenty-four licenses in each United States congressional district in the state of Missouri pursuant to the map of each of the eight congressional districts as drawn and effective on December 6, 2018. Future changes to the boundaries of or the number of congressional districts shall have no impact.

(18) The department shall begin accepting license and certification applications for medical marijuana dispensary facilities, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than two hundred forty days after December 6, 2018. Applications for licenses and certifications under this section shall be approved or denied by the department no later than one hundred fifty days after their submission. If the department fails to carry out its nondiscretionary duty to approve or deny an application within one hundred fifty days of submission, an applicant may immediately seek a court order compelling the department to approve or deny the application.

(19) Qualifying patients under this section shall obtain [and annually renew] an identification card or cards from the department. The department shall charge a fee of twenty-five dollars per year per card with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor or its successor agency. Cards shall be valid for three years and may be renewed with a new physician's certification. Upon receiving an application for a qualifying patient identification card or qualifying patient cultivation identification card, the department shall, within thirty days, either issue the card or provide a written explanation for its denial. If the department fails to deny and fails to issue a card to an eligible qualifying patient within thirty days, then their physician certification shall serve as their qualifying patient identification card or qualifying patient cultivation identification card for up to one year from the date of physician certification. All initial applications for or renewals of a qualifying patient identification card or qualifying patient cultivation identification card shall be accompanied by a physician certification that is less than thirty days old.

(20) Primary caregivers under this section shall obtain [and annually renew] an identification card from the department. Cards shall be valid for three years. The department shall charge a fee of [twenty-five] seventy-five dollars [per year], with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. Upon receiving an application for a primary caregiver identification card, the department shall, within thirty days, either issue the card or provide a written explanation for its denial.

(21) All marijuana for medical use sold in Missouri shall be cultivated in a licensed medical marijuana cultivation facility located in Missouri.

(22) All marijuana-infused products for medical use sold in the state of Missouri shall be manufactured in a medical marijuana-infused products manufacturing facility.

(23) The denial of a license, license renewal, or identification card by the department shall be appealable to the administrative hearing commission, or its successor entity. Following the exhaustion of administrative review, denial of a license, license renewal, or identification card by the department shall be subject to judicial review as provided by law.

(24) No elected official shall interfere directly or indirectly with the department's obligations and activities under this section.

(25) The department shall not have the authority to apply or enforce any rule or regulation that would impose an undue burden on any one or more licensees or certificate holders, any qualifying patients, or act to undermine the purposes of this section.

4. Taxation and Reporting.

(1) A tax is levied upon the retail sale of marijuana for medical use sold at medical marijuana dispensary facilities within the state. The tax shall be at a rate of four percent of the retail price. The tax shall be collected by each licensed medical marijuana dispensary facility and paid to the department of revenue. After retaining no more than five percent for its actual collection costs, amounts generated by the tax levied in this section shall be deposited by the department of revenue into the Missouri veterans' health and care fund. Licensed entities making retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Missouri Veterans' Health and Care Fund", which shall consist of taxes and fees collected under this section. The state treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and monies earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The commissioner of administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the department, an amount necessary for the department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section;

(b) Next, the remainder of such funds shall be transferred to the Missouri veterans commission for health and care services for military veterans, including the following purposes: operations, maintenance and capital improvements of the Missouri veterans homes, the Missouri service officer's program, and other services for veterans approved by the commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness. The Missouri veterans commission shall contract with other public agencies for the delivery of services beyond its expertise.

(c) All monies from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana for medical use, a record shall be kept by the seller which identifies, by secure and encrypted patient number issued by the seller to the qualifying patient involved in the sale, all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the department and the department of revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from, and in addition to, any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana for medical use.

(6) The fees and taxes provided for in this Article XIV, Section 1 shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

(7) The unexpended balance existing in the fund shall be exempt from the provisions of section 33.080 relating to the transfer of unexpended balances to the general revenue fund.

5. Additional Patient, Physician, Caregiver and Provider Protections.

(1) Except as provided in this section, the possession of marijuana in quantities less than the limits of this section, or established by the department, and transportation of marijuana from a medical marijuana dispensary facility to the qualifying patient's residence shall not subject the possessor to arrest, criminal or civil liability, or sanctions under Missouri law, provided that the possessor produces on demand to the appropriate authority a valid qualifying patient identification card; a valid qualifying patient cultivation identification card; a valid physician certification while making application for an identification card; or a valid primary caregiver identification card. Production of the respective equivalent identification card or authorization issued by another state or political subdivision of another state shall also meet the requirements of this subdivision and shall allow for the purchase of marijuana for use by a non-resident patient from a medical marijuana dispensary facility as permitted by this section and in compliance with department regulations.

(2) No patient shall be denied access to or priority for an organ transplant because they hold a qualifying patient identification card or use marijuana for medical use.

(3) A physician shall not be subject to criminal or civil liability or sanctions under Missouri law or discipline by the Missouri state board of registration for the healing arts, or its successor agency, for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or issuing a physician certification to a patient diagnosed with a qualifying medical condition in a manner consistent with this section and legal standards of professional conduct.

(4) A health care provider shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or providing health care services that involve the medical use of marijuana consistent with this section and legal standards of professional conduct.

(5) A medical marijuana testing facility shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to the medical use of marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(6) A health care provider shall not be subject to mandatory reporting requirements for the medical use of marijuana by nonemancipated qualifying patients under eighteen years of age in a manner consistent with this section and with consent of a parent or guardian.

(7) A primary caregiver shall not be subject to criminal or civil liability or sanctions under Missouri law for purchasing, transporting, or administering marijuana for medical use to a qualifying patient or participating in the patient cultivation of up to six flowering marijuana plants per patient in a manner consistent with this section and generally established legal standards of personal or professional conduct.

(8) An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to prospective or licensed medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana dispensary facilities, medical marijuana-infused products manufacturing facilities, qualifying patients, primary caregivers, physicians, health care providers or others related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(9) Actions and conduct by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities licensed or registered with the department, or their employees or agents, as permitted by this section and in compliance with department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

(10) Nothing in this section shall provide immunity for negligence, either common law or statutorily created, nor criminal immunities for operating a vehicle, aircraft, dangerous device, or navigating a boat under the influence of marijuana.

(11) It is the public policy of the state of Missouri that contracts related to marijuana for medical use that are entered into by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities and those who allow property to be used by those entities, should be enforceable. It is the public policy of the state of Missouri that no contract entered into by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to medical marijuana may be prohibited by federal law.

6. Legislation.

Nothing in this section shall limit the general assembly from enacting laws consistent with this section, or otherwise effectuating the patient rights of this section. The legislature shall not enact laws that hinder the right of qualifying patients to access marijuana for medical use as granted by this section.

7. Additional Provisions.

(1) Nothing in this section permits a person to:

(a) Consume marijuana for medical use in a jail or correctional facility;

(b) Undertake any task under the influence of marijuana when doing so would constitute negligence or professional malpractice; or

(c) Operate, navigate, or be in actual physical control of any dangerous device or motor vehicle, aircraft or motorboat while under the influence of marijuana; or

(d) Bring a claim against any employer, former employer, or prospective employer for wrongful discharge, discrimination, or any similar cause of action or remedy, based on the employer, former employer, or prospective employer prohibiting the employee, former employee, or prospective employee from being under the influence of marijuana while at work or disciplining the employee or former employee, up to and including termination from employment, for working or attempting to work while under the influence of marijuana.

(2) No medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility, or entity with a transportation certification shall be owned, in whole or in part, or have as an officer, director, board member, manager, or employee, any individual with a disqualifying felony offense. A "disqualifying felony offense" is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the department determines that:

(a) The person's conviction was for the medical use of marijuana or assisting in the medical use of marijuana; or

(b) The person's conviction was for a nonviolent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses.

The department may consult with and rely on the records, advice and recommendations of the attorney general and the department of public safety, or their successor entities, in applying this subdivision.

(3) All medical marijuana cultivation facility, medical marijuana dispensary facility, and medical marijuana-infused products manufacturing facility licenses, entities with medical marijuana testing facility certifications, and entities with transportation certifications shall be held by entities that are majority owned, directly or indirectly, by natural persons who have been citizens of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, persons or entities outside the state of Missouri may own a minority stake, directly or indirectly, in such entities.

(4) No medical marijuana cultivation facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility shall manufacture, package or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between a marijuana or marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional department sanction, up to and including loss of license.

(5) All edible marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with dosage amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled as mandated by the department [, in a font size at least as large as the largest other font size used on the package,] as containing "Marijuana", or a "Marijuana-Infused Product". Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty.

(6) No individual shall serve as the primary caregiver for more than three qualifying patients.

(7) No qualifying patient shall consume marijuana for medical use in a public place, unless provided by law. Violation of this prohibition shall subject the violator to sanctions as provided by general law.

(8) No person shall extract resins from marijuana using dangerous materials or combustible gases without a medical marijuana-infused products manufacturing facility license. Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty and, if applicable, loss of their identification card, certificate, or license for up to one year.

(9) All qualifying patient cultivation shall take place in an enclosed, locked facility that is equipped with security devices that permit access only by the qualifying patient or by such patient's primary caregiver. Two qualifying patients, who both hold valid qualifying patient cultivation identification cards, may share one enclosed, locked facility. No more than twelve qualifying patient or primary caregiver cultivated flowering marijuana plants may be cultivated in a single, enclosed locked facility, except when a primary caregiver also holds a qualifying patient cultivation identification card, in which case no more than eighteen flowering marijuana plants may be cultivated in a single, enclosed, locked facility.

(10) No medical marijuana cultivation facility, medical marijuana dispensary facility, medical marijuana-infused products manufacturing facility, medical marijuana testing facility, or entity with a transportation certification shall assign, sell, give, lease, sublicense, or otherwise transfer its license or certificate to any other entity without the express consent of the department, not to be unreasonably withheld.

(11) Unless allowed by the local government, no new medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility shall be initially sited within one thousand feet of any then-existing elementary or secondary school, child day-care center, or church. No local

government shall prohibit medical marijuana cultivation facilities, medical marijuana testing facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities, or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana-infused products manufacturing facility, medical marijuana dispensary facility, or entity holding a transportation certification that may operate in such locality. The only local government ordinances or regulations that are binding on a marijuana facility are those of the local government where the marijuana facility is located.

(12) Unless superseded by federal law or an amendment to this Constitution, a physician shall not certify a qualifying condition for a patient by any means other than providing a physician certification for the patient, whether handwritten, electronic, or in another commonly used format. [A qualifying patient must obtain a new physician certification at least annually.]

(13) A physician shall not issue a certification for the medical use of marijuana for a nonemancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. The department shall not issue a qualifying patient identification card on behalf of a nonemancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. Such card shall be issued to one of the parents or guardians and not directly to the patient. Only a parent or guardian may serve as a primary caregiver for a nonemancipated qualifying patient under the age of eighteen. Only the qualifying patient's parent or guardian shall purchase or possess medical marijuana for a nonemancipated qualifying patient under the age of eighteen. A parent or guardian shall supervise the administration of medical marijuana to a nonemancipated qualifying patient under the age of eighteen.

(14) Nothing in this section shall be construed as mandating health insurance coverage of medical marijuana for qualifying patient use.

(15) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for medical use or for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.

8. Severability.

The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.

9. Effective Date.

The provisions of this section shall become effective on December 6, 2018.

Section 2. Marijuana Legalization, Regulation, and Taxation

1. Purpose.

The purpose of this section is to make marijuana legal under state and local law for adults twenty-one years of age or older, and to control the commercial production and distribution of marijuana under a system that licenses, regulates, and taxes the businesses involved while protecting public health. The intent is to prevent arrest and penalty for personal possession and cultivation of limited amounts of marijuana by adults twenty-one years of age or older; remove the commercial production and distribution of marijuana from the illicit market; prevent revenue generated from commerce in marijuana from going to criminal enterprises; prevent the distribution of marijuana to persons under twenty-one years of age; prevent the diversion of marijuana to illicit markets; protect health by ensuring the safety of marijuana and products containing marijuana; and ensure the security of marijuana facilities. To the fullest extent

possible, this section shall be interpreted in accordance with the purpose and intent set forth in this section.

This section is not intended to allow for the public use of marijuana, driving while intoxicated by marijuana, the use of marijuana in the workplace, or the use of marijuana by persons under twenty-one years of age.

2. Definitions.

(1) "Commercial motor vehicle" means any self-propelled or towed motor vehicle used on a highway in interstate commerce to transport passengers or property when the vehicle has a gross vehicle weight rating or gross combination weight rating or gross vehicle weight or gross combination weight of greater than ten-thousand and one pounds, whichever is greater; or is designed or used to transport more than eight passengers, including the driver, for compensation; or is designed or used to transport more than fifteen passengers, including the driver, and is not used to transport passengers for compensation; or is used in transporting material found by the United States Secretary of Transportation to be hazardous under 49 U.S.C. 5103, or successor provisions, and transported in a quantity requiring placarding under regulations prescribed by the Secretary under 49 CFR, subtitle B, chapter I, subchapter C, or successor provisions.

(2) "Consumer" means a person who is at least twenty-one years of age.

(3) "Department" means the department of health and senior services, or its successor agency.

(4) "Entity" means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(5) "Flowering plant" means a marijuana plant from the time it exhibits the first signs of sexual maturity through harvest.

(6) "Local government" means, in the case of an incorporated area, a village, town, or city and, in the case of an unincorporated area, a county.

(7) "Marijuana" means *cannabis indica*, *cannabis sativa*, and *cannabis ruderalis*, hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana or cannabis, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" does not include industrial hemp, including any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than three-tenths of one percent on a dry weight basis, or commodities or products manufactured with industrial hemp, or any other ingredient combined with marijuana to prepare topical or oral administrations, food, drink, or other products.

(8) "Marijuana accessories" means any equipment, product, material, or combination of equipment, products, or materials, which is specifically designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, containing, ingesting, inhaling, or otherwise introducing marijuana into the human body.

(9) "Marijuana Cultivation Facility" means an entity licensed by the department to acquire, cultivate, process, store, transport, and sell marijuana to a marijuana dispensary facility, marijuana testing facility, or to a marijuana-infused products manufacturing facility.

(10) "Marijuana Dispensary Facility" means an entity licensed by the department to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and marijuana accessories as provided for in this section to consumers.

(11) "Marijuana Facility" means a marijuana cultivation facility, marijuana dispensary facility, marijuana testing facility, marijuana-infused products manufacturing facility, marijuana microbusiness facility, or any other type of marijuana-related facility or business licensed or certified by the department pursuant to this section.

(12) "Marijuana-Infused Products" means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(13) "Marijuana-Infused Products Manufacturing Facility" means an entity licensed by the department to acquire, store, manufacture, transport, and sell marijuana-infused products to a marijuana dispensary facility, a marijuana testing facility, or to another marijuana-infused products manufacturing facility.

(14) "Marijuana Microbusiness Facility" means an entity licensed to cultivate not more than one hundred and fifty flowering plants, process, store, transport, sell, and package the marijuana it cultivates or that it obtains from another marijuana microbusiness facility, and acquire, store, manufacture, transport, deliver, sell, or otherwise transfer marijuana and marijuana-infused products it cultivates and processes, or that it obtains from other marijuana microbusiness facilities, to marijuana dispensary facilities, marijuana testing facilities, other marijuana microbusiness facilities, or consumers.

(15) "Marijuana Testing Facility" means an entity certified by the department to acquire, test, certify, and transport marijuana.

(16) "Owner" means an officer, board member, or other individual who has a financial (other than a security interest, lien, or encumbrance) or voting interest in ten percent or greater of a marijuana facility.

(17) "Unduly burdensome" means that the measures necessary to comply with the rules or ordinances adopted pursuant to this section subject licensees or potential licensees to such a high investment of money, time, or any other resource or asset that a reasonably prudent businessperson would not operate the marijuana facility.

3. Limitations.

(1) Except as otherwise provided in this article, this section does not preclude, limit, or affect laws that assign liability relative to, prohibit, or otherwise regulate:

(a) Delivery or distribution of marijuana or marijuana accessories, with or without consideration, to a person younger than twenty-one years of age;

(b) Purchase, possession, use, or transport of marijuana or marijuana accessories by a person younger than twenty-one years of age;

(c) Consumption of marijuana by a person younger than twenty-one years of age;

(d) Operating or being in physical control of any motor vehicle, train, aircraft, motorboat, or other motorized form of transport while intoxicated by marijuana;

(e) Consumption of marijuana while operating or being in physical control of a motor vehicle, train, aircraft, motorboat, or other motorized form of transport while it is being operated;

(f) Smoking marijuana within a motor vehicle, train, aircraft, motorboat, or other motorized form of transport while it is being operated;

(g) Possession or consumption of marijuana or possession of marijuana accessories on the grounds of a public or private preschool, elementary or secondary school, institution of higher education, in a school bus, or on the grounds of any correctional facility;

(h) Smoking marijuana in a location where smoking tobacco is prohibited;

(i) Consumption of marijuana in a public place, other than in an area licensed by the department for consumption;

(j) Conduct that endangers others;

(k) Undertaking any task while under the influence of marijuana, if doing so would constitute negligence or professional malpractice; or

(l) Performing solvent-based extractions on marijuana using solvents other than water, glycerin, propylene glycol, vegetable oil, or food-grade ethanol, unless licensed for this activity by the department.

(2) This section does not limit any privileges, rights, immunities, or defenses of a person or entity as provided in section 1 of this article, or any other law of this state allowing for or regulating marijuana for medical use.

(3) This section does not require an employer to permit or accommodate conduct otherwise allowed by this section in any workplace or on the employer's property. This section does not prohibit an employer from disciplining an employee for violation of a workplace drug policy or for working while intoxicated by marijuana. This section does not prevent an employer from refusing to hire, discharging, disciplining, or otherwise taking an adverse employment action against a person with respect to hire, tenure, terms, conditions, or privileges of employment because of that person's violation of a workplace drug policy or because that person was working while intoxicated by marijuana.

(4) This section allows a person to prohibit or otherwise regulate the consumption, cultivation, distribution, processing, sale, or display of marijuana, marijuana-infused products, and marijuana accessories on private property the person owns, leases, occupies, or manages, except that a lease agreement executed after the enactment of this section may not prohibit a tenant from lawfully possessing and consuming marijuana by means other than smoking.

4. Regulation of Marijuana.

(1) In carrying out the implementation of this section, the department shall have the authority to:

(a) Grant or refuse state licenses for the cultivation, manufacture, dispensing, and sale of marijuana as provided by law; suspend, fine, restrict, or revoke such licenses upon a violation of this section or a rule promulgated pursuant to this section; and impose any reasonable administrative penalty authorized by this section or any rule promulgated pursuant to this section;

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana and for the enforcement of this section so long as such rules are reasonable and not unduly burdensome;

(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section;

(d) Require a seed-to-sale tracking system that tracks marijuana from either the seed or immature plant stage until the marijuana or marijuana-infused product is sold to a consumer to ensure that no marijuana grown by a marijuana cultivation facility or marijuana microbusiness facility or manufactured by a marijuana-infused products manufacturing facility or marijuana microbusiness facility is sold or otherwise transferred to a consumer except by a marijuana dispensary facility or a marijuana microbusiness facility. The department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees;

(e) Issue standards for the secure transportation of marijuana and marijuana-infused products. The department shall certify entities that demonstrate compliance with its transportation standards to transport marijuana and marijuana-infused products to a marijuana cultivation facility, marijuana-infused products manufacturing facility, marijuana dispensary facility, marijuana microbusiness facility, marijuana testing facility, or another entity with a transportation certification. The department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity licensed or certified pursuant to this section shall be allowed to transport its own inventory and products in compliance with department transportation rules;

(f) Promulgate rules and emergency rules specific to the licensing, regulation, and oversight of marijuana microbusiness facilities;

(g) Provide for the issuance of additional types or classes of licenses to operate marijuana-related businesses that allow for only limited processing, transportation, delivery, or storage of marijuana, licenses that allow for the consumption of marijuana within designated, age-restricted areas, and licenses intended to facilitate scientific research or education;

(h) Prepare and transmit annually a publicly available report accounting to the governor, the general assembly, and the public for the efficient discharge of all responsibilities assigned to the department under this section;

(i) Establish a system to numerically score competing marijuana license and certificate applicants, including marijuana microbusiness applicants, only in cases where more applicants apply than the number of licenses available, in which scoring shall be limited to an analysis of the following:

(i) The character, veracity, background, qualifications, and relevant experience of principal officers or managers;

(ii) The business plan proposed by the applicant, which in the case of cultivation facilities and dispensaries shall include the ability to maintain an adequate supply of marijuana, and for all facilities shall include procedures to be used to prevent product diversion;

(iii) Site security;

(iv) In the case of licenses other than the microbusiness license, testing certification, or transport certification, experience as an owner or employee of a Missouri marijuana microbusiness facility;

(v) In the case of marijuana testing facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and potency and health care industry experience;

(vi) The potential for positive economic impact in the site community;

(vii) In the case of marijuana cultivation facilities and marijuana microbusiness facilities, capacity or experience with agriculture and horticulture;

(viii) In the case of marijuana dispensary facilities, the suitability of the proposed location for consumer access, and experience as an owner or employee of a Missouri marijuana dispensary facility or Missouri medical marijuana dispensary facility;

(ix) In the case of marijuana-infused products manufacturing facilities, capacity or experience with food and beverage manufacturing or manufacturing marijuana-infused products;

(x) Maintaining competitiveness in the marijuana marketplace; and

(xi) Whether there is an over-concentration of marijuana facilities within the boundaries of any particular local government.

(j) In ranking applicants and awarding licenses and certificates, the department may consult or contract with other public agencies with relevant expertise regarding these factors.

(2) The department shall issue, at a minimum, the same number of marijuana cultivation facility licenses as are issued for medical marijuana cultivation facilities under section 1 of this article, the same number of marijuana-infused products manufacturing facility licenses as are issued for medical marijuana-infused products manufacturing facilities under section 1, the same number of marijuana dispensary facility licenses with the same congressional distribution requirements as are issued to medical marijuana dispensary facilities under section 1, in addition to the minimum number of marijuana microbusiness licenses as are required under this section. The department

may lift or ease any limit on the number of licensees or certificate holders in order to meet the demand for marijuana by consumers in the state and to ensure a competitive market while also preventing an over-concentration of marijuana facilities within the boundaries of any particular local government.

(3) If marijuana cultivation facility licenses, marijuana-infused products manufacturing facility licenses, or marijuana dispensary facility licenses become available so that the number of total licenses in any respective category falls below the minimum required under this article, section, and subsection, the department shall award at least fifty percent of new licenses available to satisfy the minimum requirement to applicants who are:

(a) Owners of a marijuana microbusiness facility that has been in operation for at least one year and is in good standing with the department;

(b) At least fifty percent owned by natural persons who qualified as economically disadvantaged owners or disabled veterans at the time they applied for and received the marijuana microbusiness facility license; and

(c) Otherwise qualified for the license.

(4) The department may issue any rules or emergency rules necessary for the implementation and enforcement of this section and to ensure the right to, availability, and safe use of marijuana by consumers. In developing such rules or emergency rules, the department may consult or contract with other public agencies. In addition to any other rules or emergency rules necessary to carry out the mandates of this section, the department shall issue rules or emergency rules relating to the following subjects:

(a) Procedures for issuing a license and for renewing, suspending, and revoking a license;

(b) Qualifications for licensure that are directly and demonstrably related to the operation of a marijuana facility;

(c) Requirements and standards for safe cultivation, processing, and distribution of marijuana and marijuana-infused products by marijuana facilities, including health standards to ensure the safe preparation of marijuana-infused products and prohibitions on pesticides that are not safe for use on marijuana;

(d) Testing, packaging, and labeling standards, procedures, and requirements for marijuana and marijuana-infused products and a requirement that a representative sample of marijuana be tested by a marijuana testing facility to ensure public health;

(e) Labeling standards that protect public health by requiring the listing of pharmacologically active ingredients, including, but not limited to, tetrahydrocannabinol (THC), cannabidiol (CBD), and other cannabinoid content, the THC and other cannabinoid amount in milligrams per serving, the number of servings per package, and quantity limits per sale to comply with the allowable possession amount;

(f) Requirements that packaging and labels shall not be made to be attractive to children, required warning labels, and that marijuana and marijuana-infused products be sold in resealable, child-resistant packaging to protect public health;

(g) Security requirements, including lighting, physical security, and alarm requirements, and requirements for securely transporting marijuana between marijuana facilities;

(h) Record keeping requirements for marijuana facilities and monitoring requirements to track the transfer of marijuana by licensees;

(i) Restrictions on advertising, marketing, and display of marijuana, marijuana-infused products, marijuana accessories, and marijuana facilities;

(j) A plan to promote and encourage ownership and employment in the marijuana industry by people from political subdivisions and districts that are economically distressed and to positively impact those political subdivisions and districts;

(k) Administrative penalties for failure to comply with any rule promulgated pursuant to this section or for any violation of rules and regulations adopted pursuant to this section by a licensee, including administrative fines and suspension, revocation, or restriction of a

license. The licensee may choose to challenge any penalties imposed by the department through the Administrative Hearing Commission, or its successor entity. Pursuant to § 536.100 R.S.Mo., or successor provisions, any licensee who has exhausted all administrative remedies provided by law and who is aggrieved by a final decision in a contested case is entitled to judicial review;

(l) Reporting and transmittal of tax payments required under this section;

(m) Authorization for the department of revenue to have access to licensing information to ensure tax payment and the effective administration of this section; and

(n) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(5) The department shall issue rules or emergency rules for marijuana and marijuana-infused products independent testing and certification program for marijuana facility licensees and requiring licensees to test marijuana using one or more impartial, independent laboratory or laboratories to ensure, at a minimum, correct labeling, potency measurement, and that products sold for human consumption do not contain contaminants that are potentially injurious to public health.

(6) The department shall issue rules or emergency rules to provide for the certification of and standards for marijuana testing facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The department shall certify, if possible, at least two entities as marijuana testing facilities. No marijuana testing facility shall be owned by an entity under substantially common control, ownership, or management as a marijuana cultivation facility, marijuana-infused products manufacturing facility, marijuana microbusiness facility, or marijuana dispensary facility.

(7) All public records produced or retained pursuant to this section are subject to the general provisions of the Missouri Sunshine Law, as amended from time to time. Notwithstanding the foregoing, public records containing proprietary business information obtained from an applicant or licensee are subject to closure. The applicant or licensee shall label business information it believes to be proprietary prior to submitting it to the department. Proprietary business information shall include sales information, financial records, tax returns, credit reports, cultivation information unrelated to product safety, testing results unrelated to product safety, site security information and plans, and individualized consumer information. The presence of proprietary business information shall not justify the closure of public records:

(a) Identifying the applicant or licensee;

(b) Relating to any citation, notice of violation, tax delinquency, or other enforcement action;

(c) Relating to any public official's support or opposition relative to any applicant, licensee, or their proposed or actual operations;

(d) Where disclosure is reasonably necessary for the protection of public health or safety; or

(e) That are otherwise subject to public inspection under applicable law.

(8) Within two hundred and seventy days of the effective date of this section, the department shall make available to the public license application forms and application instructions for marijuana cultivation facilities, marijuana testing facilities, marijuana dispensary facilities, marijuana microbusiness facilities, marijuana-infused products manufacturing facilities, and any other license types and certifications it deems necessary.

(9) An entity may apply to the department for and obtain one or more licenses to grow marijuana as a marijuana cultivation facility. Each facility in operation shall require a separate license, but multiple licenses may be utilized in a single facility. Each indoor facility utilizing artificial lighting may be limited by the department to thirty thousand square feet of flowering plant canopy space. Each outdoor facility utilizing natural lighting may be limited by the department

to two thousand eight hundred flowering plants. Each greenhouse facility using a combination of natural and artificial lighting may be limited by the department, at the election of the licensee, to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of twelve thousand dollars per license application or renewal for all applicants filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of five thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of twenty-five thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than three marijuana cultivation facility licenses.

(10) An entity may apply to the department for and obtain one or more licenses to operate a marijuana dispensary facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of seven thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than five marijuana dispensary facility licenses.

(11) An entity may apply to the department for and obtain one or more licenses to operate a marijuana-infused products manufacturing facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of seven thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than three marijuana-infused products manufacturing facility licenses.

(12) An entity may apply to the department for and obtain only one license to operate a marijuana microbusiness facility. A marijuana microbusiness facility license shall allow the licensee to be vertically integrated. A marijuana microbusiness facility licensee may engage in all of the activities allowed under the license or it may apply for and engage in a subset of the activities allowed, if the applicant or license holder so chooses. A marijuana microbusiness facility licensee may sell marijuana it cultivates, processes, manufactures, and packages to any marijuana dispensary facility, any other marijuana microbusiness facility, or directly to consumers. A marijuana microbusiness facility may also process, manufacture, and sell to consumers marijuana and marijuana-infused products it obtains from another marijuana microbusiness facility. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of one thousand five hundred dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of two thousand five hundred dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of two thousand five hundred dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than one marijuana microbusiness facility license. An owner of a marijuana microbusiness facility may not also be an owner of another licensed marijuana facility or medical marijuana facility regulated under this article. However, the owner of a marijuana microbusiness facility

may apply for a license or licenses for other marijuana or medical marijuana facilities under this article. If granted one or more of these licenses, the marijuana microbusiness facility owner may transition to other licensed operations on a reasonably practical timetable established by the department. In addition to other requirements established by this section, a marijuana microbusiness facility must be majority-owned by natural persons who have been residents of the state of Missouri for at least one year prior to the application for such license. The majority owner or owners must be economically disadvantaged persons, as defined by the department, or disabled veterans, as defined by the department.

(13) The department may restrict the aggregate number of licenses granted for marijuana microbusiness facilities, provided, however, that the number may not be limited to fewer than the following number of licenses in each United States congressional district in the state of Missouri pursuant to the map of each of the eight congressional districts as drawn and effective on December 6, 2018:

(a) Six, once the department begins issuing licenses for marijuana facilities under this subsection;

(b) An additional six following the first two hundred and seventy days after the department begins issuing licenses for marijuana facilities under this subsection; and

(c) An additional six after the first five hundred and forty-eight days after the department begins issuing licenses for marijuana facilities under this subsection, but only after the department conducts an analysis and determines that there is a market for additional microbusiness licenses.

Future changes to the boundaries or the number of congressional districts shall have no impact.

(14) The department shall begin accepting license and certification applications for marijuana dispensary facilities, marijuana testing facilities, marijuana cultivation facilities, marijuana-infused products manufacturing facilities, marijuana microbusiness facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than three hundred and sixty-five days after the effective date of this section. Applications for licenses under this section shall be approved or denied by the department no later than one hundred eighty days after their submission. If the department fails to carry out its non-discretionary duty to approve or deny an application within one hundred eighty days of submission, an applicant may immediately seek a court order compelling the department to approve or deny the application.

(15) With the exception of microbusiness licenses, and consistent with any limitations set forth in this section, for the first five hundred and forty-eight days after the department begins issuing licenses for marijuana facilities, the department may only issue a license:

(a) For a marijuana cultivation facility to an entity holding a medical marijuana cultivation facility license issued pursuant to section 1 of this article seeking licensure to operate a marijuana cultivation facility at the same location;

(b) For a marijuana dispensary facility to an entity holding a medical marijuana dispensary facility license issued pursuant to section 1 of this article seeking licensure to operate a marijuana dispensary facility at the same location;

(c) For a marijuana-infused products manufacturing facility to an entity holding a medical marijuana-infused products manufacturing facility license issued pursuant to section 1 of this article seeking licensure to operate a marijuana-infused products manufacturing facility at the same location; and

(d) For a marijuana testing facility to an entity holding a medical marijuana testing facility license issued pursuant to section 1 of this article seeking licensure to operate a marijuana testing facility at the same location.

(16) The department shall issue a license to each applicant for a marijuana facility pursuant to subdivision (15) of this subsection if the applicant is in good standing with the department and has reasonably complied with this article and all of the rules and regulations promulgated pursuant to this article.

(17) A prospective applicant for a license pursuant to subdivision (15) shall notify the department of their intent to apply and prefile their application fee with the department by February 1, 2021.

(18) Notwithstanding the provisions of section 1 of this article, if an existing medical marijuana dispensary facility is located in a jurisdiction that prohibits marijuana dispensary facilities under this section, or is otherwise prevented from operating a marijuana dispensary facility at the same location as the existing medical marijuana dispensary facility, the medical marijuana dispensary facility may apply to the department for a marijuana dispensary license pursuant to subdivision (15) of this subsection in a new location, and such application shall be granted so long as the applicant meets all the requirements of this section and department regulation. If an existing medical marijuana dispensary facility is located in a jurisdiction that temporarily prohibits non-medical retail marijuana facilities prior to November 3, 2020, and the medical marijuana dispensary facility does not apply to open a marijuana dispensary facility in a new location, the medical marijuana dispensary facility may apply to the department for a marijuana dispensary facility license after November 3, 2020, and if the temporary prohibition is not permanently enacted, such application shall be granted, so long as the applicant meets all the requirements of this section and department regulation.

(19) Notwithstanding the provisions of section 1 of this article, three years after receiving a marijuana dispensary facility license pursuant to subdivision (15), a marijuana dispensary facility may apply to the department for permission to relocate the marijuana dispensary facility to a new location.

(20) Notwithstanding the provisions of section 1 of this article, for the first five hundred and forty-eight days after the department begins issuing licenses for marijuana facilities under this section, the department shall issue licenses for marijuana microbusiness facilities to qualified applicants consistent with the qualifications and limitations set forth in this section.

(21) Notwithstanding the provisions of section 1 of this article, a medical marijuana cultivation facility that is issued a marijuana cultivation facility license pursuant to subdivision (15) of this subsection is limited under both licenses to a total of two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy space. An entity issued a license pursuant to subdivision (15) of this subsection may sell marijuana to medical marijuana facilities and marijuana facilities so long as the entity has both a medical marijuana cultivation facility license and a marijuana cultivation facility license consistent with any limitations set forth in this article or department regulation.

(22) In addition to the foregoing, the department shall not issue a non-medical license pursuant to this section to a medical marijuana cultivation facility, medical marijuana-infused products manufacturing facility, or medical marijuana dispensary facility, if the department determines that doing so will limit or restrict access by qualifying patients, as defined in section 1 of this article, to an adequate supply of marijuana and marijuana-infused products at a reasonable cost.

(23) The department may not promulgate a rule prohibiting a marijuana facility from operating at the same location as a medical marijuana facility of the same license type operating pursuant to section 1 of this article.

(24) Marijuana facilities licensed to distribute marijuana, marijuana-infused products, and marijuana accessories directly to consumers pursuant to this section may also distribute marijuana, marijuana-infused products, and marijuana accessories to qualifying patients and primary caregivers consistent with section 1 of this article and department regulation.

(25) The department may charge a fee not to exceed five thousand dollars for any certification issued pursuant to this section.

(26) Until such time that federal law permits otherwise, all marijuana sold in Missouri pursuant to this article shall be cultivated in Missouri. If allowed by federal law, marijuana may be exported from Missouri in accordance with department regulations. If allowed by federal law, the department may promulgate rules related to the import and export of marijuana and shall promulgate a rule requiring that all marijuana flower imported into Missouri be tested by a marijuana testing facility located in Missouri and comply with Missouri testing standards.

(27) Until such time that federal law permits otherwise, all marijuana-infused products sold in Missouri pursuant to this article shall be manufactured in Missouri. If allowed by federal law, marijuana-infused products may be exported from Missouri in accordance with department regulations. If allowed by federal law, the department may promulgate rules related to the import and export of marijuana-infused products.

(28) The denial of a license or license renewal by the department shall be appealable. The applicant may choose to challenge any denial by the department through the Administrative Hearing Commission, or successor entity. Pursuant to § 536.100 R.S.Mo., or successor provisions, any licensee who has exhausted all administrative remedies provided by law and who is aggrieved by a final decision in a contested case is entitled to judicial review.

(29) No elected official shall interfere directly or indirectly with the department's obligations and activities under this section.

(30) To minimize the potential for undue political influence in awarding licenses, the department shall review license applications using reasonable safeguards that ensure the identity of the applicant and its principal owners, officers, and managers are not identified to the application scorers.

(31) The department shall have the sole authority within the state of Missouri to issue licenses for marijuana facilities and certifications pursuant to this section.

(32) The department shall not have the authority to promulgate, apply, or enforce any rule or regulation that is unduly burdensome or act to undermine the purposes of this section.

5. Local Control.

(1) Except as provided in this subsection, a local government may prohibit the operation of all non-medical retail marijuana facilities regulated under this section from being located within its jurisdiction through voter approval of a ballot question submitted to the qualified voters of the local government, provided that any ballot measure shall be voted on only during the regularly scheduled general election held on the first Tuesday after the first Monday in November of an even-numbered year starting in 2022, thereby avoiding any additional local governmental cost or expense. Until the first general election following the general election held November 3, 2020, a local government may through local ordinance temporarily prohibit non-medical retail marijuana facilities regulated under this section from being located within its jurisdiction. When a ballot question prohibiting non-medical retail marijuana facilities regulated under this section is submitted to voters, the following question shall be presented to the voters in the area subject to the prohibition, "Shall (insert name of local government) ban all non-medical retail marijuana facilities from being located within (insert name of local government and, where applicable, its "unincorporated areas") and forgo any additional related local tax revenue? ( ) Yes ( ) No." If a majority of the votes cast on the question by the qualified voters voting thereon are in favor of the question, then the ban shall go into effect as provided by law. If a question receives less than the required majority, then the jurisdiction shall have no power to ban new non-medical retail marijuana facilities regulated under this section, unless voters at a subsequent election on the first Tuesday after the first Monday in November of an even-numbered year approve a ban on new non-medical retail marijuana facilities submitted to them by the governing body. A local government may repeal an existing ban by its own ordinance or by a vote of the people, either through referral of a ballot question to the voters by the governing body or through citizen petition. In the case of a referral of a ballot question by the governing body or citizen's petition to repeal an existing ban, the question shall be voted on only during the regularly scheduled general election held on the first Tuesday after the first Monday in November of an even-numbered year. A citizen's petition to repeal an existing ban shall be signed by at least five percent of the qualified voters in the area subject to the ban, determined on the basis of the number of votes cast for governor in such locale at the last gubernatorial election held prior to the filing of the petition. The local government shall count the petition signatures and give legal notice of the election as provided by applicable law. Denial of ballot access shall be subject to judicial review. Whether submitted by the governing body or by citizen's petition, the question shall be submitted in the following form: "Shall (insert name of local government) allow non-medical retail marijuana facilities to be located within (insert name of local government and where applicable, its "unincorporated areas") as regulated by state law? ( ) Yes ( ) No." If a

majority of the votes cast on the question by the qualified voters voting thereon are in favor of the question, then the ban shall be repealed.

(2) Unless allowed by the local government, no new marijuana facility shall be initially sited within one thousand feet of any then-existing elementary or secondary school, child day-care center, or church. The only local government ordinances and regulations that are binding on a marijuana facility are those of the local government where the marijuana facility is located. Except as otherwise provided in this subsection, no local government shall prohibit marijuana facilities or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a marijuana facility or entity holding a transportation certification that may operate in such locality.

6. Taxation and Reporting.

(1) A tax shall be levied upon the retail sale of non-medical marijuana sold to consumers at marijuana facilities licensed pursuant to this section within the state. The tax shall be at a rate of fifteen percent of the retail price. The tax shall be collected by each licensed non-medical retail marijuana facility and paid to the department of revenue. After retaining no more than two percent of the total tax collected or its actual collection costs, whichever is less, amounts generated by the tax levied in this section shall be deposited by the department of revenue into the "Veterans, Infrastructure, and Health Fund" created under this subsection. Licensed entities making non-medical retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Veterans, Infrastructure, and Health Fund" which shall consist of taxes and fees collected under this section. The state treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The commissioner of administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall be distributed as follows:

(a) First, to the department, an amount necessary for the department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section;

(b) Next, distributed to the local government where the retail sale occurred, three-fifteenths of the remaining fund balance.

(c) After the distribution to the local government where the retail sale occurred, the remaining fund balance shall be distributed in thirds as follows:

(i) One-third of the remainder of the fund balance shall be transferred to the Missouri veterans commission and allied state agencies, as determined by appropriation, exclusively for health care and other services for military veterans and their dependent families;

(ii) One-third of the remainder of the fund balance to the State Road Fund created under article IV, section 30b of this Constitution for constructing and maintaining an adequate system of connected state highways; and

(iii) One-third of the remainder of the fund balance to the department to provide grants to existing agencies and not-for-profit organizations, whether

government or community-based, to increase access to evidence-based low-barrier drug addiction treatment, prioritizing medically proven treatment and overdose prevention and reversal methods and public or private treatment options with an emphasis on reintegrating recipients into their local communities, to support overdose prevention education, and to support job placement, housing, and counseling for those with substance use disorders. Agencies and organizations serving populations with the highest rates of drug-related overdose shall be prioritized to receive the grants.

(d) All monies from the taxes and fees authorized hereunder shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana, a record shall be kept by the seller of all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected, and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the department and the department of revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from and in addition to any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana.

(6) The fees and taxes provided for in this section shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

7. Additional Protections.

(1) A marijuana testing facility shall not be subject to civil or criminal prosecution, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(2) An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to any person related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(3) Actions and conduct by marijuana facilities licensed or otherwise certified by the department, or their employees or agents, as permitted by this section and in compliance with department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

(4) The department may not promulgate a rule that requires a consumer to provide a marijuana facility with identifying information other than identification to determine the consumer's age.

(5) It is the public policy of the state of Missouri that contracts related to marijuana that are entered into by marijuana facilities and those who allow property to be used by those entities should be enforceable. It is the public policy of the state of Missouri that no contract entered into by marijuana facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to marijuana may be prohibited by federal law.

8. Legislation.

Nothing in this section shall limit the general assembly from enacting laws consistent with the purposes of this section.

9. Additional Provisions.

(1) No owner of a marijuana facility or entity with a transportation certification shall be an individual with a disqualifying felony offense. A "disqualifying felony offense" is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the department determines that:

(a) The person's conviction was for a marijuana offense, other than provision of marijuana to a minor; or

(b) The person's conviction was for a non-violent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses.

The department may consult with and rely on the records, advice, and recommendations of the attorney general and the department of public safety, or their successor entities, in carrying out the provisions of this subdivision.

(2) All marijuana facilities and certificates shall be held by entities that are majority owned, directly or indirectly, by natural persons who have been residents of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, persons or entities outside the state of Missouri may own a minority stake, directly or indirectly, in such entities. By rule, the department may adjust the percentage of ownership required by residents of the state of Missouri. Owners licensed pursuant to this section shall submit fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol, if necessary, shall forward the fingerprints to the Federal Bureau of Investigation (FBI) for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted pursuant to § 43.543 R.S.Mo., or successor provisions, and fees shall be paid pursuant to § 43.530 R.S.Mo., or successor provisions.

(3) No marijuana facility shall manufacture, package, or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between marijuana or a marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional department sanction, up to and including loss of license.

(4) No marijuana facility may sell edible marijuana-infused candy in shapes or packages that are attractive to children or that are easily confused with commercially sold candy that does not contain marijuana.

(5) All marijuana and marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with serving amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled, as mandated by the department, as containing "Marijuana" or a "Marijuana-Infused Product." Violation of this subdivision shall subject the violator to department sanctions, including an administrative penalty.

(6) A marijuana facility may not allow cultivation, manufacturing, sale, or display of marijuana, marijuana-infused products, or marijuana accessories to be visible from a public place outside of the marijuana facility without the use of binoculars, aircraft, or other optical aids.

(7) A marijuana facility may not cultivate, manufacture, test, sell, or store marijuana at any location other than a physical address approved by the department and within an enclosed area that is secured in a manner that prevents access by persons not permitted by the marijuana facility to access the area.

(8) A marijuana facility shall secure every entrance to the facility so that access to areas containing marijuana is restricted to employees and other persons permitted by the marijuana facility to access the area and to agents of the department or state and local law enforcement officers and emergency personnel and shall secure its inventory and equipment during and after

operating hours to deter and prevent theft of marijuana, marijuana-infused products, and marijuana accessories.

(9) No marijuana facility may refuse representatives of the department the right to inspect the licensed premises or to audit the books and records of the marijuana facility. A facility that holds licenses issued under sections 1 and 2 of this article shall comply with inspection regulations and standards issued pursuant to both sections.

(10) No marijuana facility may allow a person under twenty-one years of age to volunteer or work for the marijuana facility, unless permitted by department regulation.

(11) No marijuana facility, or entity with a certification, shall assign, sell, give, lease, sublicense, or otherwise transfer its license or certificate to any other entity without the express consent of the department, not to be unreasonably withheld.

(12) To the fullest extent allowed by the Constitution of the United States, the Constitution of Missouri, and federal law, no unsolicited internet pop-up advertisements, banners on mass-market websites, unsolicited leaflets or handbills, or unsolicited direct mail advertisements for marijuana, marijuana-infused products, or marijuana accessories are permitted, and no off-site advertisement or marketing for marijuana, marijuana-infused products, or marijuana accessories may be placed on any billboard within the state or in any location exposed to view from a public place within one thousand feet of an elementary or secondary school, child daycare center, or church.

(13) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.

(14) No person shall extract resins from marijuana using dangerous materials or combustible gases without a marijuana-infused products manufacturing facility license or a marijuana microbusiness license that allows for this activity. Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty and, if applicable, loss of certificate or license for up to one year.

10. Personal Use of Marijuana.

(1) Subject to the limitations in subsection 3 of this section, the following acts by a person at least twenty-one years of age are not unlawful and shall not be an offense under state law or the laws of any local government within the state or be a basis to impose a civil fine, penalty, or sanction, or be a basis to detain, search, or arrest, or otherwise deny any right or privilege, or to seize or forfeit assets under state law or the laws of any local government:

(a) Purchasing, possessing, using, ingesting, inhaling, processing, transporting, delivering without consideration, or distributing without consideration one ounce or less of marijuana, except that not more than the equivalent of one ounce of marijuana, as determined by the department, may be in a concentrated form;

(b) Possessing, planting, cultivating, harvesting, drying, processing, or manufacturing one-half the number of plants a qualifying patient is permitted to cultivate pursuant to section 1 of this article and department regulation, provided:

a. The plants and any marijuana produced by the plants in excess of one ounce are kept at one private residence, are in a locked space, and are not visible by normal, unaided vision from a public place; and
b. Not more than twice the number of allowable plants under paragraph (b) of this subdivision are kept in or on the grounds of a private residence at one time.

(c) Assisting another person who is at least twenty-one years of age in, or allowing property to be used for, any of the acts permitted by this section; and

(d) Purchasing, possessing, using, delivering, distributing, manufacturing, transferring, or selling to persons twenty-one years of age or older marijuana accessories.

(2) A person who, pursuant to this section, cultivates marijuana plants that are visible by normal, unaided vision from a public place is subject to a civil penalty not exceeding two hundred and fifty dollars and forfeiture of the marijuana.

(3) A person who, pursuant to this section, cultivates marijuana plants that are not kept in a locked space is subject to a civil penalty not exceeding two hundred and fifty dollars and forfeiture of the marijuana.

(4) A person who smokes marijuana in a public place, other than in an area licensed for such activity by the department, is subject to a civil penalty not exceeding one hundred dollars.

(5) A person who is under twenty-one years of age who possesses, uses, ingests, inhales, transports, delivers without consideration or distributes without consideration one ounce or less of marijuana, or possesses, delivers without consideration, or distributes without consideration marijuana accessories is subject to a civil penalty not to exceed one hundred dollars and forfeiture of the marijuana. Any such person shall be provided the option of attending up to four hours of drug education or counseling in lieu of the fine.

(6) Subject to the limitations of this section, a person who possesses not more than twice the amount of marijuana allowed pursuant to this subsection, produces not more than twice the amount of marijuana allowed pursuant to this subsection, delivers without receiving any consideration or remuneration to a person who is at least twenty-one years of age not more than twice the amount of marijuana allowed by this subsection, or possesses with intent to deliver not more than twice the amount of marijuana allowed by this subsection:

(a) For a first violation, is subject to an infraction punishable by a civil penalty not exceeding two hundred and fifty dollars and forfeiture of the marijuana;

(b) For a second violation, is subject to an infraction punishable by a civil penalty not exceeding five hundred dollars and forfeiture of the marijuana;

(c) For a third or subsequent violation, is subject to a misdemeanor punishable by a fine not exceeding one-thousand dollars and forfeiture of the marijuana; and

(d) For a person under twenty-one years of age, is subject to a civil penalty not to exceed two hundred and fifty dollars. Any such person shall be provided the option of attending up to eight hours of drug education or counseling in lieu of the fine.

(7) Any person currently serving a sentence for a conviction, whether by trial or open or negotiated plea, who would not have been guilty of an adult or juvenile offense, or who would have been guilty of a lesser adult or juvenile offense had sections 1 and 2 of this article been in effect at the time of the offense, may petition for a recall or dismissal of sentence before the trial court that entered the judgement of conviction in the person's case to request resentencing or dismissal consistent with sections 1 and 2 of this article with credit for time and supervision period already served and such petition shall be granted. This shall not apply to offenses related to the transportation, possession, or unlawful use of marijuana while operating a commercial motor vehicle.

(8) A person arrested, charged, or found guilty, whether by trial or open or negotiated plea, for any offense that is no longer a crime after the effective dates of sections 1 and 2 of this article may apply for expungement upon the effective date of this section and such expungement shall be granted and the records expunged from all government records absent good cause for denial. The effect of such order shall be to restore such person to the status the person occupied prior to such arrest, plea or conviction and as if such event had never taken place. No person for whom such order has been entered shall be held thereafter under any provision of any law to be guilty of perjury or otherwise giving a false statement by reason of the person's failure to recite or acknowledge such arrest, plea, trial, conviction, or expungement in response to any inquiry made of the person for any purpose whatsoever, and no such inquiry shall be made for information relating to an expungement. This shall not apply to offenses related to the transportation, possession, or unlawful use of marijuana while operating a commercial motor vehicle.

(9) A person shall not be denied adoption, custody, or visitation rights relative to a minor solely for conduct that is permitted by this section, unless the person's behavior is such that granting the rights is not in the best interests of the child, as determined by other applicable law and procedures.

(10) No person shall be denied access to or priority for an organ transplant for conduct that is permitted by this section.

11. Severability.

The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.

12. Effective Date.

The provisions of this section shall become effective on December 3, 2020, as provided by this Constitution.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-127)

Subject

Initiative petition from Deirdre Hirner regarding a proposed constitutional amendment to Article XIV of the Constitution of Missouri. (Received October 29, 2019)

Date

November 18, 2019

Description

This proposal would amend Article XIV of the Constitution of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Missouri Veterans Commission, Missouri Office of Prosecution Services, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern**

State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, and **Truman State University.**

Mark R. Reading provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may be required to request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated a total estimated net effect on all state funds of $0 for fiscal year 2020, $0 for fiscal year 2021, and $0 for fiscal year 2022.

Officials from the **Department of Higher Education and Workforce Development** indicated they report no fiscal impact as a result of this initiative petition.

Officials from the **Department of Health and Senior Services** indicated increased operating costs to the Veterans Infrastructure and Health Fund of $1,605,331 in fiscal year 2021, $5,541,694 in fiscal year 2022, and $14,219,361 in fiscal year 2023. Of these costs, $77,049 are one-time costs in fiscal year 2021 for office furniture and equipment, $508,624 are one-time costs in fiscal year 2022 for office furniture, equipment, and application scoring costs, and $6,483,964 are one-time costs in fiscal year 2023 for office furniture, equipment, contracted attorney fees, and application scoring costs.

Space for thirty-nine additional staff will be required by fiscal year (FY) 2023: 39 full-time employees (FTE) x 230 sq. ft. x &18.00 = $161,460. These staff will be located in Jefferson City. An additional thirty FTE are assumed to be telecommuters.

This will create new small business opportunities and all the costs associated with a new business, along with the associated licensing fees.

At the time of submission Office of Administration - Information Technology Services Division (ITSD) had not provided a response.

The proposed legislation amends Section 1 of Article XIV and enacts one new section to be known as Section 2 of Article XIV regarding adult use marijuana legalization,

regulation, and taxation. The new law stipulates the minimum number of facilities to be licensed and the application and operation fees associated with each type of facility. It is assumed sales of marijuana will begin in FY 2023, increasing state revenue through the collection of a fifteen percent sales tax levied on the retail sale of adult use marijuana sold to consumers.

Office of General Counsel:

The proposed changes to this legislation will require the Department of Health and Senior Services to aid the program in building all the rules, pre-licensing, preparing required forms, and litigation on any legal challenges for denial of licenses through the Missouri court system. Based on our experience with medical marijuana facility license applications, we assume a similar number of facility license applications will be received for potentially even fewer available licenses. To defend the denial of an estimated 2,000 licenses, the department will temporarily contract with attorneys and support staff for a period of approximately 18 – 24 months. The total estimated amount of these contracts is $5,300,000. In addition, the department would require the following staff:

Three full-time attorneys (average annual salary of $75,000) would be needed to assist in reviewing records and defending the department in anticipated trials from denied licenses due to the limited number allowed to be issued. Two Attorneys would be needed for fiscal year 2021 with a third FTE Attorney added in fiscal year 2022, and maintaining the three Attorneys for the third year of fiscal year 2023.
Additional duties include:

- Reviewing requests for records (sunshine and/or subpoenas)
- Coordinating and advising with Medical Marijuana staff to determine whether the Department has records responsive to requests
- Review of individual records
- Determining appropriate response
- Responding to requestor
- Drafting/filing motions to quash subpoenas when necessary
- Possible referrals to AGO
- Representing the department in any court room activities resulting from this change in legislation

In addition, one support staff would be required to assist the three attorneys in the paperwork required for these court cases.

For the purposes of this fiscal note, they assumed temporary contracts would be necessary for attorneys, paralegals, and support staff to defend the denial of an estimated 2,000 licenses. The length of these contracts is estimated for a period of approximately 18 – 24 months, at an estimated total cost of $5,300,000, to cover any litigation associated with these denials. The three full-time attorneys and one support staff needed to handle the on-going costs of this proposed legislation would indeed be on-going with no estimate of any end date. Within the parameters of the assumptions used for this response, at this time,

there are no other anticipated temporary or other costs for this proposed legislation from the Office of General Counsel.

Division of Regulation and Licensure (DRL):

Section 1 of Article XIV includes minor changes that will cause some adjustment to the operations of the Section for Medical Marijuana (SMMR), but those changes have no fiscal impact. Section 2 of Article XIV requires creation of a new program for the regulation of adult use marijuana. This new program will share some employees and resources with the current SMMR. For purposes of this fiscal note, the new, combined program will be called the Section for Marijuana Regulation (SMR).

Section 2 of Article XIV requires implementation of adult use marijuana in several phases over the course of three years. Much of the regulatory structure mandated in Section 2 mirrors that in Section 1; thus, some efficiencies can be captured by merging this new program with the existing SMMR. However, the regulations and businesses to be licensed for the new program are different enough from the SMMR regulations and businesses that some functions, particularly on the compliance side, will need to be expanded significantly. Furthermore, assuming similar licensing functions for the new program (initial applications with applications for changes to businesses following licensure), the licensing needs of the new program will double those of the existing program as several waves of new licensing processes will occur at regular intervals, including for a new class of marijuana businesses. With each new wave, facility agent application processing will increase.

In addition to staffing needs, the new program will necessitate new or amended contracts for IT solutions and application scoring. All new adult use businesses will have application requirements different from medical marijuana businesses, which must be built within the existing IT solution for Missouri marijuana regulation or through a new IT solution. While the bulk of the initial wave of licensing for adult use will not require scoring applications, microbusiness applications will likely require scoring at each stage of licensing, and in the third year, it appears scoring will be necessary for all new facilities of any type.

The following are the estimates of costs associate with the staffing and contractual needs outlined above.

YEAR 1

Between December 2020 and December 2021, the SMR will begin program build out, draft and file rules, draft and issue Request for Proposals (RFPs) or contract amendments for IT solutions, and begin pre-licensing functions, including public outreach/response.

To cover program implementation, pre-licensing, and public outreach/response in the first year, the SMR will require additional staff. The following positions will be hired as of January 2021:

- One Planner IV with an annual salary of $55,000, job duties will include oversight of contracts, procurement, and website and supervisory responsibilities;

- One Planner II with an annual salary of $45,000, job duties will be consistent with that of the Planner IV to a lesser degree;
- Four Special Assistant Professionals with an annual salary of $45,000, job duties will be to function as facility licensing specialists and process applications and renewals;
- Five Health Program Representative IIs with an annual salary of $40,000 job duties will be Facility Agent ID's and handle public assistant calls; and
- Two Administrative Office Support Assistants with an annual salary of $38,000, to provide support for the above staff.

Due to the increase supervisory and oversight responsibilities, salaries to existing staff will be studied and adjustments will be made when deemed appropriate.

The current contract for IT solutions will need to be continued and expanded. The estimated cost for year one is $769,000.

YEAR 2

The SMR will continue program build-out and begin accepting facility applications in December 2021 and will have 150 days to approve or deny all applications. For 348 licenses, applications will be reviewed for minimum qualifications, but no scoring will be necessary. For 48 licenses (the microbusiness licenses), applications will be reviewed for minimum qualifications and scoring will be necessary. Facilities may begin operating sometime after May 2022. Facility agent applications and oversight will increase when the new facilities begin operating. The SMR will also draft and issue RFPs or contract amendments for application scoring in Year 2.

To cover program implementation and oversight, public outreach/response, facility agent applications and oversight, and compliance/enforcement functions for a new regulatory structure with up to 396 new facility licenses (not counting additional, new license types added as needed), the SMR will require additional staff. The following positions will be hired as of July 2021:

- Three Investigation Managers with an annual salary of $65,000, job duties to include supervision of additional investigative staff;
- Three Investigator IIIs with an annual salary of $60,000, job duties to be to inspect and investigate facilities throughout the state and provide oversight to Investigator II's;
- Seventeen Investigators II with an annual salary of $50,000, job duties to include inspecting and investigating facilities across the state;
- One Planner II with an annual salary of $45,000, job duties to include oversight on additional contracts and regulations;
- Five Health Program Representatives II with an annual salary of $40,000, job duties to provide public assistance and facilitate increase activity for facility agent ID applications. and
- Two Administrative Office Support Assistants with an annual salary of $38,000, to provide support for the above additional staff.

The Investigators are assumed to be telecommuters and are expected to travel extensively; it is assumed that the travel cost will be $10,118 annually for all investigative staff.

It is assumed application scoring will cost approximately $200,000 in Year 2. This estimate is based on the current SMMR contract, assuming a new contract will be necessary and assuming there will be four times the number of applications received as there are licenses available for microbusinesses (based on experience in 2019).

The current contract for IT solutions will need to be continued and expanded. The estimated cost for year two is $518,599.

Section 6 (iii) requires the Department to provide grants to existing agencies and not-for-profit organizations to increase access to evidence-based low barrier drug addiction treatment, and to support reintegrating those with substance abuse disorders, by supporting job placement, housing and counseling. The Division of Regulation and Licensure's Financial Services Unit (FSU) will require additional personnel to oversee the grant processes, as well as provide overall support to the additional SMR staff. The FSU will require one Planner III at an annual salary of $60,000, one Executive II with an annual salary of $40,000, and one Senior Office Support Assistant with an annual salary of $27,851. All FSU staff are assumed to start in July 2021.

YEAR 3

The SMR will continue program build-out and receive applications for an additional 48 microbusinesses in January 2023, which will likely require both minimum qualification review and scoring. Licensing of new business of all types will begin in November 2023, requiring minimum qualification review and scoring. Facility agent applications and oversight will increase when new facilities begin operating.

To cover public outreach/response, facility agent applications and oversight, and additional increases in compliance/enforcement functions for new facility licenses, the SMR will require additional staff. The following positions will be hired as of July 2022:

- Two Investigator IIIs with an annual salary of $60,000;
- Eight Investigators II with an annual salary of $50,000;
- Four Special Assistant Professionals with an annual salary of $45,000;
- Three Health Program Representative IIs with an annual salary of $40,000; and
- One Administrative Office Support Assistant with an annual salary of $38,000.

All job duties consistent with previous staff.

The Investigators are assumed to be telecommuters and are expected to travel extensively; it is assumed that the travel cost will be $10,118 annually for all investigative staff.

It is assumed application scoring will cost approximately $2,200,000 in Year 3. This estimate is based on the current SMMR contract, assuming a new contract will be necessary and assuming there will be four times the number of applications received as there are licenses available for microbusinesses, and assuming the scoring expense for new

marijuana business applications of all types will be similar to 2019 SMMR experience for expenses.

The IP implies a duty to reopen application periods when licenses become available. There is also the option to issue additional licenses indefinitely. And whenever there are more applicants than licenses available, DRL will have to have them scored. DRL would assumes that the ongoing costs would be approximately $1,110,000 for application scoring. We do not have any other one-time costs except for the office furniture/equipment.

The current contract for IT solutions will need to be continued and expanded. The estimated cost for year three is $518,599.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact of costs savings of $0 in fiscal year 2021, $192,382 in fiscal year 2022, $1,235,405 in fiscal year 2025, and $1,364,701 by fiscal year 2028.

The estimate of the impact of this amendment is determined by a standard response of looking at persons committed for marijuana-only offenses. In 2018, thirty people were incarcerated and 383 given probationary terms of cannabis-only violations. The average sentence is 7.0 years with 0.9 served before first release; the average probationary term is three years.

Passage of Initiative Petition (IP) 2020-127 is estimated to result in 30 fewer persons incarcerated and 383 fewer persons entering probationary supervision per year in their department. The full impact of the bill occurs in fiscal year (FY) 2028 with 90 fewer persons incarcerated and 1269 fewer persons on field supervision. This results in a reduction of 10 (Probation and Parole) P&P officers by FY2026. Their department cost of incarceration in $17.224 per day or an annual cost of $6,287 per offender. Their department cost of probation or parole is determined by the number of P&P Officer II positions that would be needed to cover the new caseload.

Officials from the **Department of Labor and Industrial Relations** indicated they anticipate no fiscal impact for this initiative petition.

Officials from the **Department of Revenue** indicated:

Section 1.3 states that all public records produced or retained pursuant to this section are subject to the general provisions of Missouri's Sunshine Law. Thus, information obtained from an applicant or licensee are subject to closure.

Section 1.3 also states that qualifying patients under this section shall obtain an identification card which shall be valid for three years and may be renewed with a new physician's certification. The Department recognizes that the fee of twenty-five dollars per year per card remains the same, and does not anticipate a fiscal impact.

Section 1.3 also states that primary caregiver's identification cards shall be valid for three years. Furthermore, the fee for a primary caregiver's identification card has been increased from twenty-five dollars to seventy-five dollars. The Department recognizes that the fee, as it is written today, reads that it shall be twenty-five dollars per year. This initiative petition increases the fee to seventy-five dollars every three years. The total revenue gained, in totality, then, should not change, but the state could recognize changes in cash flow with the fee being paid by primary caregivers every three years instead of one. The Department defers to the Department of Health and Senior Services to estimate the impact to state cash flows.

Section 1.5 awards non-resident of Missouri patients the ability to purchase marijuana for medical purposes from a medical marijuana dispensary facility as permitted by this section. The Department recognizes that if out of state residents purchase medical marijuana in Missouri that the Missouri Veterans' Health and Care fund could increase as well as state and local sales and use taxes. The Department provides an unknown impact for this section, though, as the number of outside residents purchasing marijuana in Missouri cannot truly be estimated.

Section 2.1 states that recreational marijuana shall be legal for individuals aged twenty one and above.

Section 2.3 states that this section shall not require any employer to permit or accommodate conduct otherwise allowed by this section in or on any workplace or employer's property.

Section 2.4 states the Department of Health and Senior Services shall issue, at a minimum, the same number of marijuana cultivation facilities under Section 1 (medical marijuana), the same number of marijuana-infused products manufacturing facilities licenses as are issued for medical marijuana infused products manufacturing facilities, the same number of marijuana dispensary facility licenses as are issued to medical marijuana dispensary facilities, and a minimum number of marijuana microbusiness licenses are allowed for medical marijuana; stating that marijuana microbusiness licenses may be awarded to applicants of marijuana microbusinesses that is at least fifty percent owned by natural persons who qualified as economically disadvantaged owners or disabled veterans at the time they applied and received their licenses.

The Department recognizes that Section 1 (medical marijuana) allows for a minimum of 60 cultivation facility licenses, 86 marijuana-infused product facilities, and 192 dispensary licenses. The number of marijuana microbusiness licenses would be issued over a period of time, as any other licenses allowed fall short of the minimum required.

The Department estimates the following minimum impact for Section 2.4:

Chart 1

Facility Type	Application Fee/Renewal Fee		Annual Fee	Minimum Number of Licenses	Estimated Revenue (Minimum)		
	Valid for 3 years	Year 4 and Thereafter			Application Fee	Renewal Fee	Annual Fee
Marijuana Cultivation Facility	$12,000	$5,000	$25,000	60	$720,000	$300,000	$1,500,000
Dispensary	$7,000	$3,000	$10,000	192	$1,344,000	$576,000	$1,920,000
Marijuana Infused Product Facility	$7,000	$3,000	$10,000	86	$602,000	$258,000	$860,000
Marijuana Microbusiness	$1,500	$2,500	$2,500	96	$144,000	$240,000	$240,000

Section 2.5 states that a local government may prohibit the operation of all non-medical retail marijuana facilities regulated under this section from being located within its jurisdiction through voter approval of a ballot question submitted to such voters of such local government.

Section 2.6 of this initiative petition states that a tax equal to 15% of the retail price of non-medical marijuana sold to consumers shall be levied. Furthermore, the Department recognizes that Section 2.6 states that the tax levied is separate from and in addition to any general state and local sales and use tax(es) that apply to retail sales – which will be collected upon the retail sales to consumers.

The Department observed data published by Marijuana Business Daily that projects U.S. retail marijuana sales to 2023, including both medical marijuana retail sales and recreational marijuana retail sales, shown separately (please see Chart 2).

Chart 2

Year	Medical U.S. Cannabis Retail Sales		Recreational U.S. Cannabis Retail Sales		Total U.S. Cannabis Retail Sales	
	Low	High	Low	High	Low	High
2018	$3,300,000,000	$3,800,000,000	$5,300,000,000	$6,200,000,000	$8,600,000,000	$10,000,000,000
2019	$4,200,000,000	$5,200,000,000	$7,000,000,000	$8,500,000,000	$11,200,000,000	$13,700,000,000
2020	$5,500,000,000	$6,800,000,000	$10,200,000,000	$12,200,000,000	$15,700,000,000	$19,000,000,000
2021	$6,400,000,000	$7,800,000,000	$13,000,000,000	$15,700,000,000	$19,400,000,000	$23,500,000,000
2022	$6,700,000,000	$8,300,000,000	$15,700,000,000	$19,100,000,000	$22,400,000,000	$27,400,000,000
2023	$6,900,000,000	$8,400,000,000	$18,100,000,000	$22,000,000,000	$25,000,000,000	$30,400,000,000

https://mjbizdaily.com/exclusive-us-retail-marijuana-sales-on-pace-to-rise-35-in-2019-and-near-30-billion-by-2023/

Using the "Total U.S. Cannabis Retail Sales column(s) from Chart 2, the Department calculated, for both high and low estimates, the estimated increase in total U.S. marijuana retail sales for each year in order to calculate an the average increase recognized each year so that the Department could estimate retail sales through Year 2030. The Department recognized the following estimated increases in U.S. marijuana retail sales, as they were estimated by Marijuana Business Daily, between 2018 and 2023:

Chart 3

Year	Percent Difference/Increase (Using Total U.S. Marijuana Retail Sales – Chart 2)	
	Low	High
2019	30.23%	37%
2020	40.18%	39%
2021	23.57%	24%
2022	15.46%	17%
2023	11.61%	11%
Average Percent Difference/Increase	**24%**	**25%**

The Department used the average percent difference (increase) calculated from Chart 3 to estimate the total U.S. marijuana retail sales through Year 2030:

Chart 4

Year	Total Estimated U.S. Cannabis Retail Sales 2018-2030	
	Low	High
2018	$8,600,000,000	$10,000,000,000
2019	$11,200,000,000	$13,700,000,000
2020	$15,700,000,000	$19,000,000,000
2021	$19,400,000,000	$23,500,000,000
2022	$22,400,000,000	$27,400,000,000
2023	$25,000,000,000	$30,400,000,000
2024	$31,052,453,447	$38,116,431,496
2025	$38,570,194,602	$47,791,524,670
2026	$47,907,966,892	$59,922,446,584
2027	$59,506,396,466	$75,132,560,206
2028	$73,912,784,241	$94,203,456,716
2029	$91,806,931,670	$118,115,118,571
2030	$114,033,218,871	$148,096,277,158

The Department, then, using Chart 2, calculated the estimated percent of medical marijuana retail sales (medical marijuana retail sales / total U.S. marijuana retail sales) and the estimated percent of recreational marijuana retail sales (recreational marijuana retail sales / total U.S. marijuana retail sales), for both low and high estimates:

Chart 5

Year	Percent of Medical Low	Percent of Medical High	Percent of Recreational Low	Percent of Recreational High
2018	38%	38%	62%	62%
2019	38%	38%	63%	62%
2020	35%	36%	65%	64%
2021	33%	33%	67%	67%
2023	30%	30%	70%	70%
2023	28%	28%	72%	72%
Average Percent	**34%**	**34%**	**66%**	**66%**

The Department recognized that the estimated medical marijuana retail sales results to 34 percent of the total U.S. marijuana retail sales and recreational marijuana retail sales results in 66 percent of the total U.S. marijuana retail sales.

The Department applied the percentages estimated in Chart 5 to Chart 4 to determine the U.S. Cannabis Retail Sales, from 2018 to 2030, separated by medical marijuana retail sales and recreational marijuana retail sales:

Chart 6

Year	Total Estimated U.S. Cannabis Retail Sales		Medical Sales (Low)	Recreational Sales (Low)	Medical Sales (High)	Recreational Sales (High)
	Low	High	34%	66%	34%	66%
2018	$8,600,000,000	$10,000,000,000	$2,924,000,000	$5,676,000,000	$3,400,000,000	$6,600,000,000
2019	$11,200,000,000	$13,700,000,000	$3,808,000,000	$7,392,000,000	$4,658,000,000	$9,042,000,000
2020	$15,700,000,000	$19,000,000,000	$5,338,000,000	$10,362,000,000	$6,460,000,000	$12,540,000,000
2021	$19,400,000,000	$23,500,000,000	$6,596,000,000	$12,804,000,000	$7,990,000,000	$15,510,000,000
2022	$22,400,000,000	$27,400,000,000	$7,616,000,000	$14,784,000,000	$9,316,000,000	$18,084,000,000
2023	$25,000,000,000	$30,400,000,000	$8,500,000,000	$16,500,000,000	$10,336,000,000	$20,064,000,000
2024	$31,052,453,447	$38,116,431,496	$10,557,834,172	$20,494,619,275	$12,959,586,708	$25,156,844,787
2025	$38,570,194,602	$47,791,524,670	$13,113,866,165	$25,456,328,437	$16,249,118,388	$31,542,406,282
2026	$47,907,966,892	$59,922,446,584	$16,288,708,743	$31,619,258,149	$20,373,631,838	$39,548,814,745
2027	$59,506,396,466	$75,132,560,206	$20,232,174,798	$39,274,221,667	$25,545,070,470	$49,587,489,736
2028	$73,912,784,241	$94,203,456,716	$25,130,346,642	$48,782,437,599	$32,029,175,283	$62,174,281,432
2029	$91,806,931,670	$118,115,118,571	$31,214,356,768	$60,592,574,902	$40,159,140,314	$77,955,978,257
2030	$114,033,218,871	$148,096,277,158	$38,771,294,416	$75,261,924,455	$50,352,734,234	$97,743,542,924

The Department recognizes that medical marijuana will be accounted for pursuant to the passage of Amendment 2 of 2018 and that this initiative petition states that a "tax shall be levied upon the retail sale of *non-medical marijuana*…" Thus, the Department has removed the medical marijuana retail sales from the projections moving forward:

Chart 7

Year	Total Estimated U.S. Cannabis Retail Sales		Recreational Sales (Low)	Recreational Sales (High)
	Low	High	66%	66%
2018	$8,600,000,000	$10,000,000,000	$5,676,000,000	$6,600,000,000
2019	$11,200,000,000	$13,700,000,000	$7,392,000,000	$9,042,000,000
2020	$15,700,000,000	$19,000,000,000	$10,362,000,000	$12,540,000,000
2021	$19,400,000,000	$23,500,000,000	$12,804,000,000	$15,510,000,000
2022	$22,400,000,000	$27,400,000,000	$14,784,000,000	$18,084,000,000
2023	$25,000,000,000	$30,400,000,000	$16,500,000,000	$20,064,000,000
2024	$31,052,453,447	$38,116,431,496	$20,494,619,275	$25,156,844,787
2025	$38,570,194,602	$47,791,524,670	$25,456,328,437	$31,542,406,282
2026	$47,907,966,892	$59,922,446,584	$31,619,258,149	$39,548,814,745
2027	$59,506,396,466	$75,132,560,206	$39,274,221,667	$49,587,489,736
2028	$73,912,784,241	$94,203,456,716	$48,782,437,599	$62,174,281,432
2029	$91,806,931,670	$118,115,118,571	$60,592,574,902	$77,955,978,257
2030	$114,033,218,871	$148,096,277,158	$75,261,924,455	$97,743,542,924

Based on a report published by the Substance Abuse and Mental Health Services Administration, in 2018, 34.8 percent of individuals surveyed, within the United States, aged 18-25 used marijuana in the past year and 13.3 percent of individuals surveyed, within the United States, aged 26 and older used marijuana in the past year.

The Henry Kaiser Family Foundation (KFF) states that there are approximately 240,903,600 individuals in the United States aged 19 and above. Separating the population by age, there are approximately 28,348,600 individuals within the United States between the ages of 19 and 25 and approximately 212,555,000 individuals within the United States aged 26 or above.

Using the data published by the Substance Abuse and Mental Health Services Administration in conjunction with the age demographics published by the KFF, approximately 9,865,313 (28,348,600 x 34.8%) individuals in the United States aged between 19 and 25 and 28,269,815 (212,555,000 x 13.3%) individuals in the United States aged 26 and older that have used marijuana in the past year.

A data search with Missouri Census Data Center states that there are approximately 566,385 individuals in Missouri aged 18 -24 and approximately 4,183,237 individuals in Missouri aged 25 and older, with a total of 4,749,622 individuals aged 18 or above.

Using the data published by the Substance Abuse and Mental Health Services Administration in conjunction with the Missouri Census Data Center statistics, 197,102 (566,385 x 34.8%) Missourians aged 18-24 and 556,370 (4,183,237 x 13.3%) Missourians aged 25 and above have used marijuana in the past year.

*The Department notes that, due to the difference in the age groups defined between the Substance Abuse and Mental Health Services Administration and the Missouri Census Data Center, that the revenue forecasts for Missouri is understated slightly, as individuals aged 25 in Missouri are included within the projections using the lower percent of 13.3% and not 34.8% - whereas individuals aged 25 were included within the 34.8% stated by the Substance Abuse and Mental Health Services Administration. Also, due to the differences in the age groups defined between the Henry Kaiser Family Foundation and the Missouri Census Data Center, the revenue forecasts for Missouri is slightly overstated slightly, as individuals aged 18 are not included in the Henry Kaiser Family Foundation data but is included and accounted for in the Missouri Census Data Center data. The Department assumes, due to these acknowledgements just mentioned, that a "wash" could occur – reporting more accurate data than not.

Comparing the United States individuals to Missouri individuals who have used marijuana in the past year, the Department estimates Missouri's marijuana market share of total U.S. marijuana retail sales to be approximately 1.98% (estimated Missouri total population aged 18 and above using marijuana in the past year / total U.S. population aged 18 and above using marijuana in the past year percent of the total marijuana market within the United States – (197,102 + 556,370) / (9,865,313 + 28,269,815)).

Therefore, the Department refers back to the total Estimated U.S. Cannabis Retail Sales 2018-2030 from Chart 7, to forecast Missouri's recreational marijuana market/retail sales:

Chart 8

Missouri's Recreational Marijuana Market (1.98%)	
Low	**High**
$112,384,800	$130,680,000
$146,361,600	$179,031,600
$205,167,600	$248,292,000
$253,519,200	$307,098,000
$292,723,200	$358,063,200
$326,700,000	$397,267,200
$405,793,462	$498,105,527
$504,035,303	$624,539,644
$626,061,311	$783,066,532
$777,629,589	$981,832,297
$965,892,264	$1,231,050,772
$1,199,732,983	$1,543,528,369
$1,490,186,104	$1,935,322,150

The Department recognizes that Section 2.4 states that the Department of Health and Senior Services shall begin accepting facility applications within 365 days of December 3, 2020 (effective date of Section 2) and must allow application approvals within one-hundred eighty days after application submissions. The Department believes that the sale of recreational marijuana would not begin until June 2022.

When applying the state sales tax, the 15 percent excise tax, and weighted average local tax rate to Missouri's recreational marijuana market, as shown in Chart 7, the Department estimates the following increases, including both low and high estimates, for the following tax years:

Chart 9

Estimated Impact to TSR (Low) - Tax/Calendar Year							
Year	**General Revenue**	**Education**	**Conservation**	**Parks and Soil**	**Total TSR (4.225% State Sales Tax**	**Veterans, Infrastructure and Health Fund**	**Local Tax**
	3%	**1%**	**0.125%**	**0.10%**		**15%**	**3.93%**
TY 21	$0	$0	$0	$0	$0	$0	$0
TY 22	$5,122,656	$1,707,552	$213,444	$170,755	$7,214,407	$25,613,280	$6,710,679
TY 23	$9,801,000	$3,267,000	$408,375	$326,700	$13,803,075	$49,005,000	$12,839,310
TY 24	$12,173,804	$4,057,935	$507,242	$405,793	$17,144,774	$60,869,019	$15,947,683
TY 25	$15,121,059	$5,040,353	$630,044	$504,035	$21,295,492	$75,605,295	$19,808,587
TY 26	$18,781,839	$6,260,613	$782,577	$626,061	$26,451,090	$93,909,197	$24,604,210
TY 27	$23,328,888	$7,776,296	$972,037	$777,630	$32,854,850	$116,644,438	$30,560,843
TY 28	$28,976,768	$9,658,923	$1,207,365	$965,892	$40,808,948	$144,883,840	$37,959,566
TY 29	$35,991,989	$11,997,330	$1,499,666	$1,199,733	$50,688,719	$179,959,947	$47,149,506
TY 30	$44,705,583	$14,901,861	$1,862,733	$1,490,186	$62,960,363	$223,527,916	$58,564,314

Chart 10

Estimated Impact to TSR (High) - Tax/Calendar Year							
Year	**General Revenue**	**Education**	**Conservation**	**Parks and Soil**	**Total TSR (4.225% State Sales Tax**	**Veterans, Infrastructure and Health Fund**	**Local Tax**
	3%	**1%**	**0.125%**	**0.10%**		**15%**	**3.93%**
TY 21	$0	$0	$0	$0	$0	$0	$0
TY 22	$6,266,106	$2,088,702	$261,088	$208,870	$8,824,766	$31,330,530	$8,208,599
TY 23	$11,918,016	$3,972,672	$496,584	$397,267	$16,784,539	$59,590,080	$15,612,601
TY 24	$14,943,166	$4,981,055	$622,632	$498,106	$21,044,959	$74,715,829	$19,575,547
TY 25	$18,736,189	$6,245,396	$780,675	$624,540	$26,386,800	$93,680,947	$24,544,408
TY 26	$23,491,996	$7,830,665	$978,833	$783,067	$33,084,561	$117,459,980	$30,774,515
TY 27	$29,454,969	$9,818,323	$1,227,290	$981,832	$41,482,415	$147,274,845	$38,586,009
TY 28	$36,931,523	$12,310,508	$1,538,813	$1,231,051	$52,011,895	$184,657,616	$48,380,295
TY 29	$46,305,851	$15,435,284	$1,929,410	$1,543,528	$65,214,074	$231,529,255	$60,660,665
TY 30	$58,059,664	$19,353,221	$2,419,153	$1,935,322	$81,767,361	$290,298,322	$76,058,160

The Department further recognizes that sales would begin one month before the end of Fiscal Year 2022. Based on historical sales tax collection data, the Department adjusts calendar year collections putting 50 percent into the first fiscal year and fifty percent into the second fiscal year. Thus, the Department estimates the following increases, including both low and high estimates, for the following fiscal years:

Chart 11

Estimated Impact to TSR (Low) - Fiscal Year							
Year	**General Revenue**	**Education**	**Conservation**	**Parks and Soil**	**Total TSR (4.225% State Sales Tax**	**Veterans, Infrastructure and Health Fund**	**Local Tax**
	3%	**1%**	**0.125%**	**0.10%**		**15%**	**3.93%**
FY 21	$0	$0	$0	$0	$0	$0	$0
FY 22	$731,808	$243,936	$30,492	$24,394	$1,030,630	$3,659,040	$958,668
FY 23	$9,291,348	$3,097,116	$387,139.50	$350,549.10	$13,126,153	$46,456,740	$12,171,665.88
FY 24	$10,987,401.92	$3,662,467.31	$457,808.41	$366,246.73	$15,473,924	$54,937,009.62	$14,393,496.52
FY 25	$13,647,431.47	$4,549,143.82	$568,642.98	$454,914.38	$19,220,133	$68,237,157.35	$17,878,135.23
FY 26	$16,951,449.22	$5,650,483.07	$706,310.38	$565,048.31	$23,873,291	$84,757,246.08	$22,206,398.47
FY 27	$21,055,363.51	$7,018,454.50	$877,306.81	$701,845.45	$29,652,970	$105,276,817.53	$27,582,526.19
FY 28	$26,152,827.80	$8,717,609.27	$1,089,701.16	$871,760.93	$36,831,899	$130,764,139.01	$34,260,204.42
FY 29	$32,484,378.71	$10,828,126.24	$1,353,515.78	$1,082,812.62	$45,748,833	$162,421,893.56	$42,554,536.11
FY 30	$40,348,786.31	$13,449,595.44	$1,681,199.43	$1,344,959.54	$56,824,541	$201,743,931.55	$52,856,910.06

Chart 12

Estimated Impact to TSR (High) - Fiscal Year							
Year	**General Revenue**	**Education**	**Conservation**	**Parks and Soil**	**Total TSR (4.225% State Sales Tax**	**Veterans, Infrastructure and Health Fund**	**Local Tax**
	3%	**1%**	**0.125%**	**0.10%**		**15%**	**3.93%**
FY 21	$0	$0	$0	$0	$0	$0	$0
FY 22	$895,158	$298,386	$37,298	$29,839	$1,260,681	$4,475,790	$1,172,657
FY 23	$11,329,956	$3,776,652	$472,081.50	$427,323.60	$16,006,013	$56,649,780	$14,842,242.36
FY 24	$13,430,590.90	$4,476,863.63	$559,607.95	$447,686.36	$18,914,749	$67,152,954.51	$17,594,074.08
FY 25	$16,839,677.57	$5,613,225.86	$701,653.23	$561,322.59	$23,715,879	$84,198,387.84	$22,059,977.61
FY 26	$21,114,092.65	$7,038,030.88	$879,753.86	$703,803.09	$29,735,680	$105,570,463.23	$27,659,461.37
FY 27	$26,473,482.43	$8,824,494.14	$1,103,061.77	$882,449.41	$37,283,488	$132,367,412.15	$34,680,261.98
FY 28	$33,193,246.04	$11,064,415.35	$1,383,051.92	$1,106,441.53	$46,747,155	$165,966,230.18	$43,483,152.31
FY 29	$41,618,687.13	$13,872,895.71	$1,734,111.96	$1,387,289.57	$58,612,984	$208,093,435.64	$54,520,480.14
FY 30	$52,182,757.79	$17,394,252.60	$2,174,281.57	$1,739,425.26	$73,490,717	$260,913,788.95	$68,359,412.71

Section 2.6 further states that all revenues gained under Section 2 shall be deposited into the Veterans, Infrastructure, and Health Fund. The Department believes that this would include all license fees, application fees, renewal fees, annual fees, and the 15 percent tax levied. The Department does not believe this would include the 4.225% state sales tax.

The Department notes that monies in the Veterans, infrastructure, and Health Fund shall be distributed in the following manner:

a. Amounts necessary to cover any Department of Health and Senior Services costs related to the administration of Section 2.
b. Amounts necessary for the creation of a reserve fund within the Department of Health and Senior Services to ensure there is enough working capital to administer Section 2.
c. 3/15th of the remaining balance to any local jurisdiction with recreational marijuana sales.
d. Any remaining balance will then be distributed
    a. 1/3rd to the Missouri Veterans' Commission
    b. 1/3rd to the State Road Fund
    c. 1/3rd to the Department of Health and Senior Services for grants to non-profits and other agencies in relation to drug addiction treatment.

The Department is unable to determine the amounts necessary for the Department of Health and Senior Services to administer Section 2 and the amounts necessary for the reserve fund. The Department will show the maximum amount of sales tax related revenues that could be distributed if all administration fees and reserve fund needs were met by the facility licensing fees.

Chart 13

Maximum Distribution Amounts Based on 15% Tax Collections (Low)							
Fiscal Year	**Veterans, Infrastructure and Health Fund**	**DHSS Administrative Costs**	**DHSS Reserve Fund**	**Local Jurisdictions**	**Missouri Veterans' Commission**	**State Road Fund**	**DHSS Addiction Treatment Grants**
FY 21	$0	$0	$0	$0	$0	$0	$0
FY 22	$3,659,040	Unknown	Unknown	$731,808	$975,744	$975,744	$975,744
FY 23	$46,456,740	Unknown	Unknown	$9,291,348	$12,388,464	$12,388,464	$12,388,464
FY 24	$54,937,010	Unknown	Unknown	$10,987,402	$14,649,869	$14,649,869	$14,649,869
FY 25	$68,237,157	Unknown	Unknown	$13,647,431	$18,196,575	$18,196,575	$18,196,575
FY 26	$84,757,246	Unknown	Unknown	$16,951,449	$22,601,932	$22,601,932	$22,601,932
FY 27	$105,276,818	Unknown	Unknown	$21,055,364	$28,073,818	$28,073,818	$28,073,818
FY 28	$130,764,139	Unknown	Unknown	$26,152,828	$34,870,437	$34,870,437	$34,870,437
FY 29	$162,421,894	Unknown	Unknown	$32,484,379	$43,312,505	$43,312,505	$43,312,505
FY 30	$201,743,932	Unknown	Unknown	$40,348,786	$53,798,382	$53,798,382	$53,798,382

Chart 14

Maximum Distribution Amounts Based on 15% Tax Collections (High)							
Fiscal Year	**Veterans, Infrastructure and Health Fund**	**DHSS Administrative Costs**	**DHSS Reserve Fund**	**Local Jurisdictions**	**Missouri Veterans' Commission**	**State Road Fund**	**DHSS Addiction Treatment Grants**
FY 21	$0	$0	$0	$0	$0	$0	$0
FY 22	$0	Unknown	Unknown	$0	$0	$0	$0
FY 23	$4,475,790	Unknown	Unknown	$895,158	$1,193,544	$1,193,544	$1,193,544
FY 24	$56,649,780	Unknown	Unknown	$11,329,956	$15,106,608	$15,106,608	$15,106,608
FY 25	$67,152,955	Unknown	Unknown	$13,430,591	$17,907,455	$17,907,455	$17,907,455
FY 26	$84,198,388	Unknown	Unknown	$16,839,678	$22,452,903	$22,452,903	$22,452,903
FY 27	$105,570,463	Unknown	Unknown	$21,114,093	$28,152,124	$28,152,124	$28,152,124
FY 28	$132,367,412	Unknown	Unknown	$26,473,482	$35,297,977	$35,297,977	$35,297,977
FY 29	$165,966,230	Unknown	Unknown	$33,193,246	$44,257,661	$44,257,661	$44,257,661
FY 30	$208,093,436	Unknown	Unknown	$41,618,687	$55,491,583	$55,491,583	$55,491,583

As a result of the Department's inability to determine or estimate the administrative costs of the Department of Health and Senior Services and the amounts necessary for the reserve fund, the distribution(s) shown above are subject to change significantly.

Section 10 states that the adult use of recreational marijuana is not unlawful and further allows individuals who have been arrested, charged, or found guilty for any offense that would no longer be illegal after the effective date of Section 2 to apply for and be granted an expungement of their records specific to the aforementioned offenses. The Department defers to the Department of Corrections and the State Public Defender's Office to estimate the impact of Section 10.

Officials from the **Department of Public Safety - Office of Director** indicated they see no fiscal impact due to this initiative petition. They also provided the following comments from Missouri State Highway Patrol officials.

Department of Public Safety - Division of Missouri State Highway Patrol indicated:

If this Amendment would be approved, it would result in a fiscal impact to the Criminal Record Systems Fund.

The Missouri Department of Health and Senior Services estimates that between 18,000 and 36,000 new fingerprint based criminal record checks will be performed in relation to the 348 medical marijuana facilities under Section 1 of Article XIV. The Patrol estimates that between $396,000.00 and $792,000.00 may be deposited in the Criminal Record System Fund as a result of the background check requirements in Section 2. For purposes of this response, the Patrol assumes it will perform 36,000 checks. Using these same figures for

the marijuana facilities licensed as identified in Section 2 of Article XIV, the Patrol estimates the following fiscal impact.

The state fee for a fingerprint based criminal record check is $20.00 per request.
The federal fee for a fingerprint based criminal record check is $13.25 per request, of which, the CJIS Division retains $2.00 of the federal fee. This equates to $22.00 of the total state and federal fingerprint background check fee that is retained in the Criminal Record System Fund per request.

State and Federal Fingerprint Fee Schedule
State Fee = $20.00
Federal Fee = $13.25
Total State and Federal fee = $33.25
Vendor Fee (if applicable) = $8.50
Total State and Federal with Vendor fee = $41.75
Total Retained in the Criminal Record System Fund = $22.00

Meanwhile, the Patrol's Criminal Justice Information Services Division (CJIS) processes all requests for expungements for criminal history records, and the requests are processed by a CJIS Technician. This person reviews criminal history records, contacts agencies associated with the arrests or convictions, and collects all necessary data for court orders.

As of September 2019, there were 234,808 marijuana related arrest charges in the Central Repository. The expungement process takes approximately 90 minutes, so 1 FTE could handle 1,243 expungements per year.

- 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.
- 111,840 minutes per year / 90 minutes per expungement = 1,243 expungements per year per FTE

- 234,808 records / 1,243 per FTE per year = 189 FTE

Additionally, the Patrol Records Division (PRD) processes all petitions and court orders relating to expungement of marijuana related traffic arrests.

There are currently 113,922 traffic arrest records in the system. The expungement process takes approximately 30 minutes, so 1 FTE could handle 3,728 expungements per year.

- 111,840 minutes per year / 30 minutes per expungement = 3,728 expungements per year per FTE

- 113,922 records / 3,728 per FTE per year = 31 FTE

The Patrol would also need to replace all 10 of its canines. The Patrol's canines are currently trained using Cannabis/Marijuana as one of the drugs to which they alert. If this initiative

were to pass, each canine would have to be retired and replaced. The purchase and initial training for a canine is approximately $22,000. Since the Patrol contracts its canine training, the time to train all 10 canines could take up to 3 years.

As a result, the anticipated total initial cost to the Patrol will be approximately **$13,476,898**, as follows:

$12,730,318	Salary and fringe benefits for 189 CJIS Technicians and 31 PRD Technicians
$1,318,580	Expense and Equipment, including rental space, janitorial for the 220 FTE
$220,000	Cost of replacing and training 10 canines
($792,000)	Fee collected from fingerprinting/added to CRS Fund
$13,476,898	Total Cost

With the time involved in hiring and training FTE and processing expungements the Patrol anticipates this being a 2-year project, after which time the FTE would be terminated.

Missouri State Highway Patrol - Comments and Concerns

While the Initiative Petition has the appropriate wording, the FBI does not recognize an Amendment to Missouri's Constitution by means of an Initiative Petition as meeting Public Law 92-544 criteria to authorize a federal fingerprint based criminal record check. If a Constitutional Amendment were to pass by means of the Initiative Petition process, the Patrol recommends that the Department of Health and Senior Services seek specific legislation to ensure the state and federal fingerprint based criminal record check is properly authorized.

In 2009, Colorado traffic fatalities involving drivers testing positive for marijuana represented 9% of the total traffic fatalities. Recreational marijuana use was legalized in 2012. By 2016, that number more than doubled to 21%.

Marijuana-related traffic deaths increased 66% in the four-year average (2013-2016) since Colorado legalized recreational marijuana compared to the four-year average (2009-2012) prior to legalization.

Marijuana-related deaths when a driver tested positive for marijuana more than doubled from 55 deaths in 2013 to 125 deaths in 2016.

The yearly number of marijuana related hospitalizations increased 72% after the legalization of marijuana, (2009-2012) vs. (2013-2016).

Colorado youth past month marijuana use for 2014/2015 was 55% higher than the national average.

The average THC levels in marijuana has increased significantly over the years: 1969-0.8%, 1995-4%, 2013-13%; 2017-20+%; Oil, 1995-13%, 2013-52%; highest Plant 38%, highest oil 95%+.

In Missouri, medical marijuana was legalized by Amendment 2 and took effect December 2018. As of June 10, 2019, 12 states have legalized recreational marijuana and 29 states have legalized medical marijuana. In a roadside 2013-2014 NHTSA roadside survey, 20% of the nighttime and weekend drivers tested positive for drugs. Interestingly, the number of daytime drugged drivers was approximately the same amount as night and weekend drugged drivers. A roadside study in Colorado and Washington, the first two states to legalize marijuana for recreational use, showed the primary increase of marijuana users happened to their daytime drivers. The percent of drivers that tested positive for marijuana during the day went from 8%, before recreational marijuana sales, to 23%, 6-12 months after marijuana was legalized. There was a 48% increase in weekend nighttime drivers testing positive for THC or 11-OH-THC (an active metabolite of THC) from 2007 to 2014.

Montana legalized medical marijuana in 2004 and from 2007-2010, the presence of marijuana in DUI suspects increased over 100%. Also, the number of DUI suspects who tested positive for alcohol and marijuana increased by over 180%.

Medical marijuana has been legal in the state of Colorado since 2000. On November 12, 2012, the state of Colorado passed Amendment 64, which legalized private use of marijuana. Per the Colorado State Patrol's driving under the influence statistics, marijuana DUI citations increased 25.5% from 2014 to 2018 and marijuana and alcohol citations increased 112% in the same time range. As marijuana becomes legalized, its use increases.

The three years after Colorado legalized marijuana for recreational use (2013-2015), its use increased in youth ages 12-17, by 12%, in young adults aged 18-25 by 16%, and adults 26 in older by 71%. By removing the recommended acceptable ages of use, zoning regulations, packaging, and advertising of cannabis/marijuana, the risk of use and abuse of marijuana by the youth of Missouri is substantially increased. This category of Missourians, who recent studies have shown significant long-term cognitive impairment when marijuana is ingested during the developmental years, would be affected.

2(7) The Patrol recommends replacing the word "specifically" with "which has, is or can be used in. . ." There are many items, products, and chemicals that can be used with marijuana, but are not developed specifically for marijuana. (page 14)

3(1)(d) The Patrol recommends replacing the word "intoxicated" with "impaired. (page 15)

3(3) The Patrol recommends replacing the word "intoxicated" with "impaired". (page 15)

4(24) The Patrol recommends addressing the need to prohibit the importation of marijuana from outside Missouri. (page 22)

9(1)(b) There is no definition for what qualifies as a non-violent crime. This information would be critical for the Department of Health and Senior Services in determining a disqualifying felony offense. In addition, there are no provisions for conducting criminal background checks under section nine. (page 25)

9(5) This section specifies the type of container the marijuana is required to be sold in, however, there are no provisions or requirements about the marijuana remaining in the same packaging one the sale to an individual has been made. The Patrol recommends language requiring marijuana to remain in its original packaging. For individuals who produce for themselves it is recommending having guidelines on the type of container or packaging if carried in public. (page 25)

The Patrol recommends a $75 fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing criminal histories, as well as contacting various agencies associated with arrests (in researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements - their fees ranged from $50 to $450 per petition per arrest date).

This initiative provides specific employment protections for those who use Cannabis/Marijuana. Such use while serving in any law enforcement related position not only creates public safety concerns, but also quality control and security issues when working with highly sensitive material or information. Additionally, the Patrol receives federal grant funding, subject to audits, that require a drug free workplace policy. For these reasons, the Patrol feels it is essential that it be allowed to continue administering drug testing for new employees, as well as random tests, critical incident tests, etc.

Additionally, the initiative does not contain any language concerning the amount of marijuana an individual may transport, purchase or sell. Also, there is no language as to where the marijuana may be transported. A lack of guidance may allow for Missouri marijuana facilities to distribute marijuana outside of the state, or allow other states to distribute their marijuana in Missouri. A lack of such language could lead to Missouri being a distribution starting point for states where marijuana remains illegal.

Finally, if passed, the initiative petition will remove Cannabis/Marijuana from Missouri Revised Statutes and creating conflict with both several Federal and State laws, such as the use or possession of a firearm. As the Patrol has officers assigned to federal task forces that may be involved in a federal drug operation, there are concerns over potential civil litigation resulting from these types of operations, as marijuana is still classified as a Schedule I controlled substance, and illegal under federal law.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact from this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated:

Prior versions of an initiative petition submitted by Deirdre Hirner contained issues pertaining to potential variances between Missouri and federal law. This issues could have impacted Missouri's eligibility for full Motor Carrier Safety Assistance Program funds if the petition were to enshrined in the Missouri Constitution as formerly written.

Those issues are **partially resolved** with the Petition on Adult Use of Marijuana with the designation 2020-127.

In order to receive the funding, Missouri must enforce Federal Motor Carrier Safety Regulations (FMCSRs) in whole. Language with respect to the expungement of marijuana convictions within the initiative petition would prevent enforcement of 49 CFR § Parts 391 and 392. These federal regulations relate to the transportation of and use of controlled substances by commercial motor vehicle drivers.

The new language, found in the petition in the section entitled *Personal Use of Marijuana* on page 28, 10-(7), states that expungement "shall **not** apply to offenses related to the transportation, possession or unlawful use of marijuana while operating a commercial motor vehicle (CMV)." This additional language preserves the ability of Missouri law enforcement agencies to continue full enforcement of FMCSRs pertaining to the use of disqualified drivers.

However, the definition of commercial motor vehicle found on Page 16 indicates the potential amendment would apply to interstate commerce only. Prior convictions occurring in a CMV by a driver in the furtherance of intrastate commerce would still be eligible for expungement, which creates a variance.

Penalty
Per 49 CFR § 350.215 – The penalty imposed upon States found to be in noncompliance can be as harsh as withholding all MCSAP funding; or
Withholding up to 5 percent of MCSAP funds during the fiscal year that the FMCSA notifies the State of its noncompliance;
Up to 10 percent of MCSAP funds for the first full fiscal year of noncompliance;
Up to 25 percent of MCSAP funds for the second full fiscal year of noncompliance; and
Not more than 50 percent of MCSAP funds for the third and any subsequent full fiscal year.

MCSAP funding, Using Missouri's MCSAP apportionment for Fiscal Year 2018 as a base, a **full withholding places $6,934,545** at risk. This is the steepest penalty possible.
If the less stringent withholding took effect, the results would be as follows:

- **5 percent - $346,727 – during the fiscal year that FMCSA notifies the State of noncompliance**;
- **10 percent** - $693,454 – during the first full fiscal year of non-compliance;
- **25 percent** - $1,733,636 – during the second full fiscal year of non-compliance; and
- **Not more than 50 percent** – or $3,467, 272 for the third and any subsequent full fiscal year of non-compliance.

Officials from the **Office of Administration** indicated this proposal amends Article XIV, Section 1 of the Missouri Constitution that was voter approved in November 2018 and adds additional language in Section 2 for recreational marijuana.

Section 1.3 states that all public records produced or retained under Section 1 shall become subject to the Missouri Sunshine Law on December 2, 2020. Section 1.3 changes qualified patient identification cards from an annual renewal to every three years. The patient card fees remain $25 per year. Budget and Planning (B&P) notes that it is not clear if patients will pay $75 ($25 x 3 years) upon application and renewal or $25 each year the card is active. Section 1.3 also changes primary caregiver identification cards from an annual renewal to every three years; the card fee is also increased from $25 to $75. B&P defers to the Department of Health and Senior Services (DHSS) for the estimated impact from these provisions.

Section 1.5 would allow out-of-state medical patients to purchase medical marijuana within Missouri. B&P notes that this could increase funding to the Missouri Veterans' Health and Care Fund as well as state and local sales tax collections by an unknown amount if out-of-state patients subsequently purchase medical marijuana within Missouri.

Section 2.1 would legalize the use of recreational marijuana for individuals over the age of 21.

Section 2.4 states that the number of recreational marijuana facility licenses (cultivation, marijuana-infused products, and dispensaries) must equal the number of licenses granted under medical marijuana (Section 1). B&P notes that per Section 1, the minimum number of cultivation facility licenses is 60, dispensary licenses is 192, and marijuana-infused product facility licenses is 86. In addition, Section 2.4 creates a minimum number of microbusiness facility licenses granted over a period of time. Section 2.4 further details the amount of application and annual fees required. Table 1 lists the fees per facility type and the associated estimated minimum revenue. B&P defers to DHSS for a more detailed analysis of the estimated impacts from these provisions.

Table 1: Facility Fees

Facility Type	Application/ Renewal Fees		Annual Fee	# Min Licenses Allowed	Estimated Minimum Revenue		
	Years 1-3	Years 4+			Application Fee	Renewal Fee (Every 3 years)	Annual Fee
Cultivation Facility	$12,000	$5,000	$25,000	60	$720,000	$300,000	$1,500,000
Dispensary	$7,000	$3,000	$10,000	192	$1,344,000	$576,000	$1,920,000
Marijuana-Infused Product Facility	$7,000	$3,000	$10,000	86	$602,000	$258,000	$860,000
Microbusinesses *Note: Up to an additional 48 microbusiness licenses may be issued if DHSS determines there is a market.*	$1,500	$2,500	$2,500	96	$144,000	$240,000	$240,000

Section 2.5 allows local jurisdictions to prohibit the operation of non-medical marijuana facilities upon voter approval at a general election.

Section 2.6 establishes an excise tax rate of 15% upon the retail price of non-medical marijuana. Section 2.6 notes this is in addition to state and local sales taxes that apply to retail sales. B&P notes that the language refers to "general state and local sales and use taxes". For the purpose of this fiscal note, B&P assumes that general means all state and local sales taxes levied and not just those levies that are directed to the state (or local) general revenue fund.

Based on research, B&P was able to find forecasts for the U.S. legal market for cannabis[1]. According to such forecasts, the U.S. market for legal marijuana will be approximately $24.5 billion in calendar year 2021 and grow up to $47.3 billion by calendar year 2027. Based on information from the Substance Abuse and Mental Health Services Administration[2], from 2016-2017 approximately 13.95% of Missouri residents and 14.73% of all U.S. residents surveyed have used marijuana within the last year. Using the populations of Missouri residents age 18 and over compared to the U.S. population age 18 and over, B&P estimates that the market for legal marijuana in Missouri is 1.79% of the total U.S. market. Therefore, B&P estimates that the Missouri market for legal marijuana would be approximately $439.5 million in calendar year 2021 ($24.5 billion x 1.79%) and up to $848.4 million by calendar year 2027 ($47.3 billion x 1.79%).

Based on further research[3], B&P estimates that there could be between 61,700 to 122,500 medical marijuana users in Missouri. Using these estimates, and the estimates shown above, B&P estimates that the Missouri market for medical marijuana would be between 0.17% and 0.34% of the total U.S. Market for legal marijuana. Therefore, B&P estimates

[1] https://cannabusinessplans.com/cannabis-legal-market-size-projections/
[2] https://www.samhsa.gov/data/report/comparison-2015-2016-and-2016-2017-nsduh-population-percentages-50-states-and-district
[3] https://www.stltoday.com/news/local/metro/plenty-of-pot-study-says-missouri-will-license-twice-as/article_e94469b0-e1c6-5893-bc2e-e1d7b24f4a73.html

that the total Missouri market for recreational marijuana would be 1.46% to 1.62% of the total U.S. market. Table 1 shows the estimated U.S. and Missouri markets for marijuana.

Table 2: Estimated Marijuana Market Size for the U.S. and Missouri

Calendar Year	Estimated U.S. Market Size	Estimated MO Market Size	Estimated MO Medical Market Size	Estimated MO Recreational Market Size
2021	$24,500,000,000	$439,465,251	$41,480,436	$ 397,984,815
2022	$28,300,000,000	$507,627,209	$61,066,553	$ 446,560,656
2023	$32,100,000,000	$575,789,166	$80,652,669	$ 495,136,497
2024	$35,900,000,000	$643,951,123	$100,238,785	$ 543,712,338
2025	$39,700,000,000	$712,113,081	$119,824,901	$ 592,288,179
2026	$43,500,000,000	$780,275,038	$139,411,018	$ 640,864,020
2027	$47,300,000,000	$848,436,996	$158,997,134	$ 689,439,861

B&P notes that Section 2.4 states that DHSS must begin accepting facility applications within 365 of December 3, 2020 (the effective date of Section 2) and must grant application approvals within one-hundred and eighty days of their submission. Therefore, B&P estimates that sales of recreational marijuana will not begin until June 2022.

Applying the excise tax rate of 15% plus the state sales tax rate of 4.225% and excluding the estimated market for medical marijuana, B&P estimates that this proposal may increase state revenues by $50.0 million in calendar year 2022. By calendar year 2027, B&P estimates that this proposal may increase state revenues by $132.5 million. This proposal could also increase local revenues by $10.2 million in calendar year 2021 and $27.1 million by calendar year 2027; these estimates assume that no local jurisdictions opt-out of recreational marijuana. Table 3 shows the estimated revenues generated by calendar year.

Table 3: Estimated Calendar Year Revenues

Fund	CY 2022*	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
GR (3.0% tax)	$7,814,811	$14,854,095	$16,311,370	$17,768,645	$19,225,921	$20,683,196
Education (1.0% tax)	$2,604,937	$4,951,365	$5,437,123	$5,922,882	$6,408,640	$6,894,399
Conservation (0.125% tax)	$325,617	$618,921	$679,640	$740,360	$801,080	$861,800
Parks, soil, water (0.1% tax)	$260,494	$495,136	$543,712	$592,288	$640,864	$689,440
Veterans, Infrastructure, and Health Fund (15.0% tax)	$39,074,057	$74,270,475	$81,556,851	$88,843,227	$96,129,603	$103,415,979
TSR (total 4.225% state sales tax)	**$50,079,057**	**$95,189,992**	**$104,528,697**	**$113,867,402**	**$123,206,108**	**$132,544,813**
Local Revenue (pop. weighted local rate 3.93%)	$10,237,403	$19,458,864	$21,367,895	$23,276,925	$25,185,956	$27,094,987

*Assumes 7 months of sales from June 2022 through December 2022.

However, B&P notes that sales would start one month before the end of FY 2022. Based on historical sales tax collection data, B&P adjusts calendar year collections 50% into the first fiscal year and 50% into the second fiscal year. Therefore, B&P estimates that this proposal will increase state revenues by $7.2million in FY 2022. By FY 2028, this proposal may increase state revenues by $132.5 million. This proposal may also increase local revenues by $1.5 million in FY 2022 and up to $27.1 million by FY 2028, assuming no local jurisdictions opt out of recreational marijuana. Table 4 shows the estimated revenue generated by fiscal year.

Table 4: Estimated Fiscal Year Revenues

Fund	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
GR	$1,116,402	$14,125,457	$15,582,733	$17,040,008	$18,497,283	$19,954,558	$20,683,196
Education	$372,134	$4,708,486	$5,194,244	$5,680,003	$6,165,761	$6,651,519	$6,894,399
Conservation	$46,517	$588,561	$649,281	$710,000	$770,720	$831,440	$861,800
Parks, soil, water	$37,213	$470,849	$519,424	$568,000	$616,576	$665,152	$689,440
Veterans, Infrastructure, and Health Fund	$5,582,008	$70,627,287	$77,913,663	$85,200,039	$92,486,415	$99,772,791	$103,415,979
TSR	**$7,154,274**	**$90,520,639**	**$99,859,344**	**$109,198,050**	**$118,536,755**	**$127,875,461**	**$132,544,813**
Local Revenue	$1,462,486	$18,504,349	$20,413,380	$22,322,410	$24,231,441	$26,140,471	$27,094,987

Section 2.6 further states that the taxes and fees levied under Section 2 shall be deposited into the newly created Veterans, Infrastructure, and Health Fund. B&P notes that this would include all license application and renewal fees, annual facility fees, and the 15% excise tax. This would not include the 4.225% state sales tax.

Monies in the Veterans, Infrastructure, and Health Fund are to be distributed in the following manner:

1. Amounts necessary to cover any DHSS costs related to Section 2 administration.
2. Amounts necessary for the creation of a reserve fund within DHSS to ensure there is enough working cash balance to administer Section 2.
3. $3/15^{th}$ of the remaining balance to any local jurisdiction with recreational marijuana sales.
4. Any remaining balance will then be distributed:
    a. 1/3 to the Missouri Veterans Commission
    b. 1/3 to the State Road Fund
    c. 1/3 to DHSS for grants to non-profits and other agencies in relation to drug addiction treatment.

B&P is unable to estimate the amount of revenues that would be required to meet DHSS administrative costs and reserve fund needs. Therefore, for the purpose of this fiscal note, B&P will show the maximum amount of sales tax related revenues that could be distributed if all administration fees and reserve fund needs were met by the facility licensing fees.

Table 5: Maximum Distribution Amounts Based on 15% Excise Tax Collections

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Veterans, Infrastructure, and Health Fund	$5,582,008	$70,627,287	$77,913,663	$85,200,039	$92,486,415	$99,772,791	$103,415,979
Estimated Maximum Distributions							
DHSS Administrative Costs*	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
DHSS Reserve Fund*	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
Local Jurisdictions**	$1,116,402	$14,125,457	$15,582,733	$17,040,008	$18,497,283	$19,954,558	$20,683,196
Missouri Veterans Commission	$1,488,536	$18,833,943	$20,776,977	$22,720,010	$24,663,044	$26,606,078	$27,577,594
State Road Fund	$1,488,536	$18,833,943	$20,776,977	$22,720,010	$24,663,044	$26,606,078	$27,577,594
DHSS Drug Treatment Grants	$1,488,536	$18,833,943	$20,776,977	$22,720,010	$24,663,044	$26,606,078	$27,577,594

*For the purpose of this fiscal note, B&P will assume that DHSS costs are fully met through the licensing fee collections. Actual distributions may be significantly different.

**Assumes no local jurisdictions opt-out.

B&P notes that depending on administrative and reserve fund needs, actual distributions may be significantly different from the estimates shown above.

Section 2.10 specifies that adult use of recreational marijuana is not unlawful and allows for individuals who have been arrested, charged, or found guilty for any offense that would no longer be illegal after the effective date of Section 2 to apply for and be granted expungement of their records pertaining to such offenses. B&P defers to the Department of Corrections and the State Public Defender's Office for the estimated impact from these provisions.

Officials from the **Office of State Courts Administrator** indicated the initiative petition proposes a constitutional amendment to Article XIV to modify the current provisions of the Missouri Constitution relating to legalization of marijuana.

The average of all marijuana related charge codes from 2012 to 2016 for Circuit case types is 11,537 per year. The average of all marijuana related charge codes from 2012 to 2016 for Associate case types is 8,765. We are unable to determine what number of these charges were for someone over the age of twenty-one.

The following Criminal Court Costs would be affected by this proposed legislation:

Criminal Court Costs		
Felony Case Costs	**Amount of Cost**	**Disburse to State/County**
Basic Civil Legal Services Fund surcharge	$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$45.00	State of Missouri - General Revenue $36, County $9
County Fee	$75.00	County
Court Automation Fund Fee	$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards & Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$279.50**	
Misdemeanor Case Costs		

Basic Civil Legal Services Fund surcharge	$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$15.00	$12 State of Missouri / $3 County
County Fee	$25.00	County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	$0.50 State of Missouri / $0.50 County
Sheriffs' fee	$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$102.50**	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	$15.00	$12 State of Missouri / $3 County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund

Sheriffs' Retirement Fund surcharge	$3.00	Sheriffs' Retirement Fund
Total	**$33.50**	
Criminal Costs Not Included Above		
Drug Testing by a State Lab	$150.00	State of Missouri
Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts.

We also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time we are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY (fiscal year) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender (MSPD), since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track their cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2019 MSPD data, is that this would reduce their caseload by 4,219 cases (3,102 C/D felonies, 144, misdemeanors, and 974 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards*, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; misdemeanors, 11.7 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 4,219 cases, those cases require 88,765 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 43 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, the Missouri State Public Defender already is significantly understaffed by 321 attorneys under the workload standards developed in *The Missouri Project*.

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not

allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 43 attorneys how much money needs to be added to their budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there is anticipated costs to the County of Greene for this initiative petition, per the following information concerning this initiative petition.: https://static1.squarespace.com/static/5541a76ae4b0175cee8827d0/t/580684e5ff7c50adea98399e/1476822252561/Letter+to+CA+from+Denver+DA.jpgI provided by their County Prosecutor, Dan Patterson.

To fully understand the fiscal impact would require a very detailed study to give the best opportunity to understand the impact to law enforcement, prosecutors and the circuit courts within the proposed changes of this initiative petition, which the linked letter demonstrates occurred in Colorado after similar legislation passed.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202
Bus. Phone: 720-913-900
Fax: 720-913-903

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from **St. Louis County** indicated this amendment, if adopted, would have very minimal to no fiscal impact on the operations of St. Louis County Government. The only foreseeable impact would be in the County determined or was required by initiative petition to hold an election for opting out of the legalization. The costs of a November election due to such a measure would be minimal and not continuing.

Officials from the **City of Kansas City** indicated this initiative petition may have a positive fiscal impact on their city in an indeterminate amount as a result of increased sales tax revenues; however, such revenues could be offset by increased expenses in an indeterminate amount.

Officials from the **Wellsville-Middletown R-1 School District** indicated they do not see a specific direct fiscal impact of this proposed petition on their school. Time will tell if it costs them in terms of students or staff who can't function properly due to being under the influence of the substance, whether they have to expend resources on substitute staff or spend additional time reteaching. Hopefully this will not be an issue.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from the **Missouri Veterans Commission** indicated:

Michael L. Parson
Governor

Grace Link
Executive Director

MISSOURI VETERANS COMMISSION

205 Jefferson Street, P.O. Drawer 147, Jefferson City, MO 65102-0147
Telephone: (573) 751-3779 www.mvc.dps.mo.gov Fax: (573) 751-6836

November 12, 2019

The Honorable John R. Ashcroft
Secretary of State
600 W. Main Street
Jefferson City, MO 65101

Dear Secretary of State Ashcroft,

Initiative Petition 2020-127 (hereinafter, the Initiative) will have a disastrous fiscal impact upon the Missouri Veterans Commission. Under the existing medical marijuana program, we anticipate receiving $12,458 in FY20, $2,135,510 in FY21, $2,529,753 in FY22 and $2,929,271 in FY23 from the tax revenues generated from the retail sales of medical marijuana. The Initiative makes no significant changes to that program, but the adverse impact the Initiative poses to the Commission is in the creation of the non-medical marijuana program. The medical marijuana program is predicated on medical need and the physician certification that marijuana is the appropriate treatment for that medical need. Conversely, the non-medical marijuana program has no requirement for medical need or for physician certification. It is only common sense that those wishing to use marijuana products will forego the inconvenience of establishing medical need and obtaining a physician's certification and avail themselves of the non-medical program regardless of their reason for wanting to use marijuana products. Therefore, we anticipate a significant reduction in the tax revenues generated by the medical marijuana program, perhaps as high as a 90% reduction, should the Initiative become law.

Moreover, given the significantly different distribution of tax revenues provided for under the non-medical marijuana program, we do not anticipate that our portion of the tax revenues generated under the non-medical program will defray the reduction we would experience under the medical marijuana program. Specifically, the medical marijuana program establishes a 4% tax on all retail sales of medical marijuana and allocates to the Commission all of those proceeds minus 5% to the Department of Revenue and an amount to the Department of Health and Senior Services necessary to defray their costs in regulating the program. Conversely, the non-medical marijuana program establishes a 15% tax on all retail sales of non-medical marijuana and allocates to the Commission one-third of those proceeds minus 2% to the Department of Revenue, an amount to the Department of Health and Senior Services necessary to defray their costs in regulating the program, and 3/15 to the local jurisdiction in which the sale took place. Despite the increased tax rate under the non-medical program, we anticipate receiving a significantly smaller portion of the tax revenues collected given the smaller allocation amount dedicated to the Commission.

Finally, the purpose for which the Commission may use its portion of the tax proceeds will essentially eliminate our ability to initiate construction projects to improve our physical facilities. Specifically, the medical marijuana program allows the Commission to use those proceeds for "for health and care services for military veterans, including the following purposes: operations, *maintenance and capital improvements* of the Missouri veterans homes, the Missouri service officer's program, and other services for veterans approved by the commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness." (Emphasis added) That is essentially everything that the Commission does and clearly affords the Commission the flexibility necessary to address the needs of Missouri's veterans as they change over time. Conversely, the non-medical marijuana program requires the Commission to use its significantly reduced portion of the tax revenues strictly for "*health care and other services* for military veterans and their dependent families". (Emphasis added) This language will severely limit our ability to adjust our facilities to meet the changing needs of Missouri's veterans.

In closing, Initiative Petition 2020-127 will adversely impact the ability of the Missouri Veterans Commission to serve the veterans of Missouri for the reasons set forth above. If I can be of any further assistance on this issue, please contact me at (573) 751-4066 at your convenience.

Sincerely,

Ryon A. Richmond
Deputy Director
Missouri Veterans Commission

Officials from the **Missouri Office of Prosecution Services** indicated there is no fiscal impact to their office. The enactment of a new crime [Section 2.10(6)(c)] creates additional responsibilities for county prosecutors which may in turn result in additional costs which are difficult to determine.

Mark R. Reading provided the following information:

Submitted by:

_____

Mark R. Reading
Jefferson City, MO 65109
(573) 694-6828
Primary Contact Person

Initiative Petition 2020-127
Marijuana Legalization, Regulation, and Taxation

Proposed Statement of Fiscal Impact

Fiscal Impact Information Submitted Pursuant to Section 23.140.2

The amendment's estimated state revenue is $197.9 million when fully implemented, including $27.6 million each for veterans, infrastructure, and health programs. General revenue and other state funds benefit by $48.4 million, and $27.2 million in local revenue is estimated.

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	5-year Total
General Revenue	$0	$9,686,290	$20,993,899	$30,295,000	$38,826,867	$99,802,056
Veterans, Infrastructure, and Health Fund	$2,666,000	$4,472,000	$48,305,110	$81,685,223	$122,258,755	$259,387,089
Other State Dedicated Funds	$0	$540,584	$3,639,638	$6,365,681	$9,576,776	$20,122,678
Total Estimated Net Effect on All State Funds	$2,666,000	$14,698,874	$72,938,647	$118,345,903	$170,662,397	$376,645,822
Total Estimated Net Effect on All Local Funds	$0	$0	$10,244,526	$18,033,219	$27,207,776	$55,485,521
Total Estimated Net Effect on Federal Funds	$0	$0	$0	$0	$0	$0
Total All Funds	$2,666,000	$14,698,874	$83,183,173	$136,379,122	$197,870,174	$434,797,343

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ANALYSIS OF FISCAL IMPACT OF MEDICAL MARIJUANA PETITION

The fiscal impact analysis contained herein focuses on estimating the fee and tax revenue resulting from the constitutional amendment proposed in the initiative petition. Table 1 summarizes the revenue and savings estimated by source and by fiscal year.

Table 1 - Summary of Tax, Application and License Fees, Revenue, and Savings by Fund

Purpose	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	5-year total
Marijuana Cultivation Facilities	$720,000	$1,500,000	$1,500,000	$1,500,000	$1,800,000	$7,020,000
Marijuana-Infused Products Manufacturing Facilities	$602,000	$860,000	$860,000	$860,000	$1,118,000	$4,300,000
Marijuana Dispensary Facilities	$1,344,000	$1,920,000	$1,920,000	$1,920,000	$2,496,000	$9,600,000
Marijuana Microbusiness Facilities	$0	$192,000	$120,000	$120,000	$240,000	$672,000
15% sales tax	$0	$0	$43,905,110	$77,285,223	$116,604,755	$237,795,089
subtotal Veterans, Infrastructure, and Health Fund	$2,666,000	$4,472,000	$48,305,110	$81,685,223	$122,258,755	$259,387,089
General Revenue sales tax	$0	$0	$8,781,022	$15,457,045	$23,320,951	$47,559,018
General Revenue budget savings	$0	$9,686,290	$12,212,877	$14,837,955	$15,505,916	$52,243,038
subtotal GR	$0	$9,686,290	$20,993,899	$30,295,000	$38,826,867	$99,802,056
Prop C sales tax	$0	$0	$2,927,007	$5,152,348	$7,773,650	$15,853,006
Conservation sales tax	$0	$0	$365,876	$644,044	$971,706	$1,981,626
Parks and Soils sales tax	$0	$0	$292,701	$515,235	$777,365	$1,585,301
Criminal Records System Fund	$0	$540,584	$54,054	$54,054	$54,054	$702,746
subtotal Other State Funds	$0	$540,584	$3,639,638	$6,365,681	$9,576,776	$20,122,678
subtotal all state funds	$2,666,000	$14,698,874	$72,938,647	$118,345,903	$170,662,397	$379,311,822
Local Sales Tax	$0	$0	$10,244,526	$18,033,219	$27,207,776	$55,485,521
Grand Total State and Local	$2,666,000	$14,698,874	$83,183,173	$136,379,122	$197,870,174	$434,797,343

This is the allocation table of the new Veterans, Infrastructure, and Health Fund. More explanation can be found on page 20.

Table 2 - Allocation of Veterans, Infrastructure, and Health Fund

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	5-year total
Veterans, Infrastructure, and Health Fund						
Sales tax revenue - received	$0	$0	$43,905,110	$77,285,223	$116,604,755	$237,795,089
Application and license fees	$2,666,000	$4,472,000	$4,400,000	$4,400,000	$5,654,000	$21,592,000
Total VIH fund collections	$2,666,000	$4,472,000	$48,305,110	$81,685,223	$122,258,755	$259,387,089
Administration of tax and program						
Department of Revenue (2% of collections)	($53,320)	($89,440)	($966,102)	($1,633,704)	($2,445,175)	($5,187,742)
Department of Health and Senior Services (for administration)	($2,612,680)	($4,382,560)	($15,668,590)	($15,981,962)	($16,301,601)	($54,947,393)
Remainder to distribute to major purposes	$0	$0	$31,670,418	$64,069,557	$103,511,979	$199,251,954
Major Purposes						
Local governments (3/15ths of remainder)	$0	$0	$6,334,084	$12,813,911	$20,702,396	$39,850,391
Veterans (one-third after local govt.)	$0	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
Infrastructure (one-third after local govt.)	$0	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
Health (one-third after local govt.)	$0	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
subtotal for major purposes	$0	$0	$31,670,418	$64,069,557	$103,511,979	$199,251,954
Total allocated	$2,666,000	$4,472,000	$48,305,110	$81,685,223	$122,258,755	$259,387,089

Implementation dates required by Petition 2020-127

Table 3 below identifies the implementation dates prescribed in the petition. All fiscal estimates in this analysis assume that the Department of Health and Senior Services, and all other state and local governments affected by this petition will meet the deadlines required by the petition.

TABLE 3 - Implementation Schedule	
11/3/2020	Election Day - Voter Approval
12/3/2020	30 days after election - effective date of constitutional amendment
2/1/2021	Prospective applicants shall notify DHSS of their intent to apply and prefile their application fee for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, and Marijuana-Infused Products Manufacturing Facilities.
270 days after effective date of constitutional amendment	
8/30/2021	DHSS shall make available license application forms and application instructions for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, Marijuana-Infused Products Manufacturing Facilities and Marijuana Microbusiness Facilities, and any other license types and certifications it deems necessary.
365 days after effective date of constitutional amendment	
12/3/2021	DHSS shall begin accepting application forms for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, Marijuana-Infused Products Manufacturing Facilities, Marijuana Microbusiness Facilities, Seed-to-Sale tracking systems, and transportation of marijuana from medical marijuana facilities with similar licenses
180 days after DHSS begins accepting application forms it begins approving licenses	
6/1/2022	For any application submitted on the day required under the constitutional provisions, DHSS shall have approved or denied application forms for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, Marijuana-Infused Products Manufacturing Facilities, and Marijuana Microbusiness Facilities. All applications must be approved or denied within 180 days of submission to DHSS thereafter.
First November national election date after initial statewide voter approval	
11/8/2022	Local governments can seek elections to prohibit operation of all or any category of marijuana facilities in their jurisdiction.
815 days after effective date of constitutional amendment	
2/26/2023	270 days after DHSS begins issuing licenses (6/1/22) DHSS may issue 6 additional microbusiness licenses per Congressional district.
1,093 days after effective date of constitutional amendment	
12/1/2023	548 days after DHSS begins issuing licenses (6/1/22) DHSS shall begin approving licenses for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, Marijuana-Infused Products Manufacturing Facilities, Marijuana Microbusiness Facilities, Seed-to-Sale tracking systems, and transportation of marijuana from non-medical marijuana facility applicants. DHSS may issue 6 additional microbusiness licenses per Congressional district.

Cultivation Application and License fees

The proposal provides for the licensing of Marijuana Cultivation Facilities. The DHSS is required to charge a one-time non-refundable application fee of $12,000. Once granted, the DHSS is required to charge an annual license fee of $25,000. Renewal fees are $5,000 after three years.

As seen in Table 3, the DHSS is required to make application forms available no later than 270 days after the effective date of the new constitutional provisions – which will be August 30, 2021. The DHSS is required to begin accepting applications no later than 365 days after the effective date of the new constitutional provisions – which will be December 3, 2021. The proposal requires that prospective applicants shall notify DHSS of their intent to apply and prefile their application fee by February 1, 2021, in FY 2021. The proposal also provides that for the first 548 days after the DHSS begins to license facilities it may only accept applications for licensure from entities holding medical marijuana cultivation facility licenses. The first adult use marijuana licenses awarded to entities that are not medical marijuana licensees will begin December 1, 2023 (state fiscal year FY 2024).

Table 4 shows the calculation of the fee revenue estimated at $720,000 in FY 2021, $1.5 million from FY 2022 to FY 2024, and $1.8 million in FY 2025. Other assumptions include:

- The DHSS is expected to license 60 medical marijuana cultivation facilities in compliance with the medical marijuana constitutional provisions. These are the only facilities eligible for licensure for the first and second years after the election.
- Since the application award happens by June 2022, it is assumed that the licensees will pay the annual license fee in FY 2022 and the renewal license fee payment will occur in FY 2025.
- During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana and placed a University of Missouri market study on its website about the subject. Given the department's stated hesitancy, this analysis assumes no new additional facilities will be licensed during the period. Thus, the revenue estimate is conservative as the department moves slowly to license additional facilities. Only the renewal costs are included in the long-range forecast.

Table 4 shows:

- Application fees - $720,000 in FY 2021 and $0 in FY 2022-FY 2025.
- Renewal fees - $300,000 in FY 2025.
- Annual license fees - $1.5 million from FY 2022 to FY 2025.

Table 4 - Cultivation Facilities - Fee Revenues

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable application fee	$12,000	$12,000	$12,000	$12,000	$12,000
Renewal fee					$5,000
Applicants					
Medical marijuana licenses eligible year 1	60	0	0	0	60
New additional licenses	0	0	0	0	0
subtotal Non-Refundable Fee revenues	$720,000	$0	$0	$0	$300,000
Annual license fee	$25,000	$25,000	$25,000	$25,000	$25,000
Licenses					
Medical marijuana licenses eligible year 1	0	60	60	60	60
New additional licenses	0	0	0	0	0
subtotal Annual License Fee revenues	$0	$1,500,000	$1,500,000	$1,500,000	$1,500,000
Total Cultivation license & fee revenues	$720,000	$1,500,000	$1,500,000	$1,500,000	$1,800,000

Marijuana-Infused Products Manufacturing Facilities Application and License fees

The proposal provides for the licensing of Marijuana-Infused Products Manufacturing Facilities. The DHSS is required to charge a one-time non-refundable application fee of $7,000. Once granted, the DHSS is required to charge an annual license fee of $10,000. Renewal fees are $3,000 after three years.

As seen in Table 3, the DHSS is required to make application forms available no later than 270 days after the effective date of the new constitutional provisions – which will be August 30, 2021. The DHSS is required to begin accepting applications no later than 365 days after the effective date of the new constitutional provisions – which will be December 3, 2021. The proposal requires that prospective applicants shall notify DHSS of their intent to apply and prefile their application fee by February 1, 2021, in FY 2021. The proposal also provides that for the first 548 days after the DHSS begins to license facilities it may only accept applications for licensure from entities holding medical marijuana infused products facility licenses. The first adult use marijuana licenses awarded to entities that are not medical marijuana licensees will begin December 1, 2023 (state fiscal year FY 2024).

Table 5 shows the calculation of the fee revenue estimated at $602,000 in FY 2021, $860,000 in FY 2022-FY 2024, and $1.1 million in FY 2025. Other assumptions include:

- The DHSS is expected to license 86 medical marijuana-infused products manufacturing facilities in compliance with the medical marijuana constitutional provisions. These are the only facilities eligible for licensure for the first and second years after the election.
- Since the application award happens by June 2022, it is assumed that the licensees will pay the annual license fee in FY 2022 and the renewal license fee payment will occur in FY 2025.
- During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana and placed a University of Missouri market study on its website about the subject. Given the department's stated hesitancy, this analysis assumes no new additional facilities will be licensed during the period. Thus, the revenue estimate is conservative as the department moves slowly to license additional facilities. Only the renewal costs are included in the long-range forecast.

Table 5 shows:

- Application fees - $602,000 in FY 2021 and $0 from FY 2022-FY 2025.
- Renewal fees - $258,000 in FY 2025.
- Annual license fees - $860,000 from FY 2022-FY 2025.

Table 5 - Infused Products Manufacturing Facilities - Fee Revenues

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable application fee	$7,000	$7,000	$7,000	$7,000	$7,000
Renewal fee					$3,000
Applicants					
Medical marijuana licenses eligible year 1	86	0	0	0	86
New additional licenses	0	0	0	0	0
subtotal Non-Refundable Fee revenues	$602,000	$0	$0	$0	$258,000
Annual license fee	$10,000	$10,000	$10,000	$10,000	$10,000
Licenses					
Medical marijuana licenses eligible year 1	0	86	86	86	86
New additional licenses	0	0	0	0	0
subtotal Annual License Fee revenues	$0	$860,000	$860,000	$860,000	$860,000
Total Infused Product Manufacturing license & fee revenues	$602,000	$860,000	$860,000	$860,000	$1,118,000

Marijuana Dispensary Facilities Application and License fees

The proposal provides for the licensing of Marijuana Dispensary Facilities. The DHSS is required to charge a one-time non-refundable application fee of $7,000. Once granted, the DHSS is required to charge an annual license fee of $10,000. Renewal fees are $3,000 after three years.

As seen in Table 3, the DHSS is required to make application forms available no later than 270 days after the effective date of the new constitutional provisions – which will be August 30, 2021. The DHSS is required to begin accepting applications no later than 365 days after the effective date of the new constitutional provisions – which will be December 3, 2021. The proposal requires that prospective applicants shall notify DHSS of their intent to apply and prefile their application fee by February 1, 2021, in FY 2021. The proposal also provides that for the first 548 days after the DHSS begins to license facilities it may only accept applications for licensure from entities holding medical marijuana dispensary facility licenses. The first adult use marijuana licenses awarded to entities that are not medical marijuana licensees will begin December 1, 2023 (state fiscal year FY 2024).

Table 6 shows the calculation of the fee revenue estimated at $1.3 million in FY 2021 and $1.9 million in FY 2022-FY2024, and $2.5 million in FY 2025. Other assumptions include:

- The DHSS is expected to license 192 medical marijuana dispensary facilities in compliance with the medical marijuana constitutional provisions. These are the only facilities eligible for licensure for the first and second years after the election.

- Since the application award happens by June 2022, it is assumed that the licensees will pay the annual license fee in FY 2022 and the renewal license fee payment will occur in FY 2025.
- During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana and placed a University of Missouri market study on its website about the subject. Given the department's stated hesitancy, this analysis assumes no new additional facilities will be licensed during the period. Thus, the revenue estimate is conservative as the department moves slowly to license additional facilities. Only the renewal costs are included in the long-range forecast.

Table 6 shows:

- Application fees - $1,344,000 in FY 2021 and $0 from FY 2022-FY2025.
- Renewal fees: $576,000 in FY 2025.
- Annual license fees - $1.9 million from FY 2022-FY 2025.

Table 6 - Dispensary Facilities - Fee Revenues

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable application fee	$7,000	$7,000	$7,000	$7,000	$7,000
Renewal fee					$3,000
Applicants					
Medical marijuana licenses eligible year 1	192	0	0	0	192
New additional licenses	0	0	0	0	0
subtotal Non-Refundable Fee revenues	$1,344,000	$0	$0	$0	$576,000
Annual license fee	$10,000	$10,000	$10,000	$10,000	$10,000
Licenses					
Medical marijuana licenses eligible year 1	0	192	192	192	192
New additional licenses	0	0	0	0	0
subtotal Annual License Fee revenues	$0	$1,920,000	$1,920,000	$1,920,000	$1,920,000
Total Dispensary license & fee revenues	$1,344,000	$1,920,000	$1,920,000	$1,920,000	$2,496,000

Marijuana Microbusiness Facilities Application and License fees

The proposal provides for the licensing of Marijuana Microbusiness Facilities. The DHSS is required to charge a one-time non-refundable application fee of $1,500. Once granted, the DHSS is required to charge an annual license fee of $2,500. Renewal fees are $2,500 after three years.

As seen in Table 3, the DHSS is required to make application forms available no later than 270 days after the effective date of the new constitutional provisions – which will be August 30, 2021. The DHSS is required to begin accepting applications no later than 365 days after the effective date of the new constitutional provisions – which will be December 3, 2021. Both deadlines are in FY 2022 of the Missouri state government budget. It is assumed that no revenues will be received before FY 2022. The proposal also provides that for the first 365 days after the DHSS may only accept applications for licensure from entities holding similar medical marijuana facility licenses.

Table 7 shows the calculation of the fee revenue estimated at $192,000 in FY 2022, $120,000 in FY 2023-FY 2024, and $240,000 in FY 2025. Other assumptions include:

- Marijuana Microbusiness Facilities are not included in the medical marijuana program.
- The proposal provides that a minimum of six such licenses be issued within each of Missouri's eight U.S. Congressional districts when licenses are first issued.
- Since the application periods open in the middle of the year it is assumed that the licensees will pay both the non-refundable application fee and the annual license fee in the same year.
- Since application fees are non-refundable additional revenue may be collected in FY 2023 from any applicant that is ultimately refused a license. This possible revenue is not calculated into this revenue estimate.
- During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana and placed a University of Missouri market study on its website about the subject. Given the department's stated hesitancy, this analysis assumes no new additional facilities will be licensed during the period. Thus, the revenue estimate is conservative as the department moves slowly to license additional facilities. Only the renewal costs are included in the long-range forecast.

Table 7 shows:

- Application fees - $72,000 in FY 2022 and $0 from FY 2023-2025.
- Renewal fees - $120,000 in FY 2025.
- Annual license fees - $120,000 from FY 2022-FY 2025.

Table 7 - Microbusiness Facilities - Fee Revenues

	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable application fee	$1,500	$1,500	$1,500	$1,500
Renewal fee				$2,500
Licenses				
Year 1 - estimate (minimum 6/Congressional Dist.)	48			48
New additional licenses	0	0	0	0
subtotal Non-Refundable Fee revenues	$72,000	$0	$0	$120,000
Annual license fee	$2,500	$2,500	$2,500	$2,500
Licenses				
Medical marijuana licenses eligible year 1	48	48	48	48
New additional licenses	0	0	0	0
subtotal Annual License Fee revenues	$120,000	$120,000	$120,000	$120,000
Total Microbusiness license & fee revenues	$192,000	$120,000	$120,000	$240,000

States that have approved adult use marijuana

Ten states and Washington D.C. have approved adult use marijuana. Nine received approval from voters while Illinois passed legislation to do so. Table 8 shows that Colorado and Oregon were the first approve adult use marijuana in November 2012. The table also shows when sales started and the length of time in months from approval to first sales. At this point only Colorado, Washington, and Oregon have had sales of at least three years to provide the best data necessary to fully understand the longer-range revenue prospects for adult use marijuana. Alaska is close to having three years' experience. However, it took Alaska longer to implement its program. Alaska also has a small program and uses an excise tax that makes it less comparable to the first three which have similar taxes as that proposed in the Missouri initiative petition. This fiscal note will focus on data from Colorado, Washington, and Oregon in the analysis.

Table 8 - States with Adult Use Marijuana

State	Approved by voters or legislature	Month/year sales started or anticipated	Months from election to sales
Colorado	November 2012	January 2014	15
Washington	November 2012	July 2014	21
Oregon	November 2014	February 2016	15
Alaska	November 2014	October 2016	23
Nevada	November 2016	July 2017	9
California	November 2016	January 2018	15
Massachusetts	November 2016	November 2018	24
Maine	November 2016	March 2020	40
Michigan	November 2018	May 2020	18
Illinois	June 2019	January 2020	6
Missouri (if approved)	November 2020	July 2022	21

Many factors will influence the size of the adult use marijuana program. Having selected three states as the focus of the analysis, four factors in particular will be reviewed.

- Marijuana usage in the states – a review of how Missouri's reported marijuana usage compares to other states to help determine the possible base line for the initial years of the program.
- Initial sales and growth over time.
- Initial infrastructure for sales and its effect on sales.
- Tourism in the states to help determine the impact of sales in Missouri.

Marijuana Usage

Table 9 provides another way to think about the states that have approved adult use marijuana and its possible use in Missouri and revenue estimates. Table 9 shows the percent of those age 18 and over who indicate use of marijuana in the past year from 2012 to 2017 published by the U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. The 2016-2017 data is the most recently published. The table is sorted by marijuana usage in 2012-2013 which is the last data before adult use marijuana was available in any state. The top 30 states and the national average are shown.

The states that have legalized adult use marijuana are highlighted in blue. All but Illinois, the last state that made it legal, were in the top 15 states for marijuana use in the past year in 2012-2013 and all were above the U.S. national average. Legal medical marijuana programs may be a factor in the higher percentage reported in some of these states. Missouri's 2012-2013 rate of 11.41% is substantially below all of the states that have started sales of adult use marijuana and in every year thereafter. Illinois and Missouri have nearly the same rate of use at the start and end of this timeline. The green boxes are the

last year for each state before adult use sales started which also highlights the fact that only a few states have three full years of experience with revenues.

Table 9. Marijuana Use in the Past Year, by Age Group and State: Percentages, Annual Averages Based on NSDUH

Rank	State	2012-2013 - 18 or Older Estimate	2013-2014 - 18 or Older Estimate	2014-2015 - 18 or Older Estimate	2015-2016 - 18 or Older Estimate	2016-2017 - 18 or Older Estimate
1	Rhode Island	20.21%	19.13%	19.04%	20.62%	21.24%
2	Alaska	20.16%	19.86%	22.31%	23.46%	23.43%
3	Oregon	19.21%	19.50%	19.59%	23.19%	27.38%
4	Vermont	19.04%	20.11%	20.80%	22.32%	24.34%
5	Colorado	18.94%	20.74%	23.57%	23.82%	25.65%
6	Washington	17.58%	19.06%	17.68%	19.45%	23.21%
7	Maine	16.26%	19.76%	19.88%	20.12%	22.46%
8	Montana	15.78%	14.13%	15.45%	18.54%	19.86%
9	Massachusetts	15.62%	17.38%	18.47%	19.02%	20.28%
10	Michigan	15.12%	15.65%	15.21%	15.81%	16.94%
11	New Hampshire	15.11%	16.85%	17.44%	17.89%	18.90%
12	New Mexico	14.73%	15.57%	14.67%	15.88%	17.71%
13	New York	14.08%	14.26%	15.21%	15.09%	14.74%
14	Nevada	13.91%	12.86%	12.89%	12.98%	17.06%
15	California	13.85%	14.44%	15.36%	16.54%	17.81%
16	Connecticut	13.78%	13.83%	15.68%	15.18%	16.37%
17	Delaware	13.71%	13.87%	13.06%	13.07%	14.92%
18	Hawaii	13.19%	12.46%	12.62%	13.02%	13.29%
19	Ohio	12.76%	11.59%	12.21%	14.00%	13.92%
20	Arizona	12.71%	13.53%	13.08%	12.26%	14.14%
	Total U.S.	12.22%	12.87%	13.41%	13.85%	14.73%
21	Virginia	12.22%	13.08%	11.55%	11.11%	11.92%
22	Minnesota	11.93%	12.28%	12.82%	12.92%	13.78%
23	Illinois	11.56%	12.17%	12.56%	12.36%	13.88%
24	South Carolina	11.53%	11.45%	12.61%	10.89%	11.14%
25	Missouri	11.41%	12.75%	13.59%	13.26%	13.95%
26	Georgia	11.30%	11.82%	12.79%	12.64%	11.78%
27	Florida	11.23%	11.67%	12.51%	13.10%	13.71%
28	Maryland	11.16%	13.33%	15.20%	15.67%	15.65%
29	Pennsylvania	11.15%	11.63%	12.40%	13.25%	13.47%
30	Indiana	10.93%	12.90%	13.89%	13.33%	14.54%

Source: SAMHSA, Center for Behavioral Health Statistics and Quality, National Survey on Drug Use and Health[i]

Table 10 compares Missouri's base year to Colorado, Washington, and Oregon. Missouri's 13.95% base year is between 3.63% to 5.64% lower than the three states.

Table 10 - Base Year 18 years or older % Marijuana Use in Past Year			
	Base Year Marijuana Usage	Base year rate	Difference in rate from MO
Missouri	2016-2017	13.95%	
Colorado	2012-2013	18.94%	4.99%
Washington	2012-2013	17.58%	3.63%
Oregon	2014-2015	19.59%	5.64%

Table 11 shows how the percentage of those age 18 and older reporting marijuana use changed in the first three years of adult use marijuana sales for Colorado, Washington, and Oregon. In each state the percentage went up over the three years. In the first year the Colorado rate increased 1.8%, Washington by slightly less at 1.48%, and Oregon by 3.6%. The percentage increase in use at the end of the three years compared to the base year percentage was substantially different in each state – Colorado (4.88%), Washington (1.87%), and Oregon (7.79%). Given the lower base year in Missouri shown in Table 10 it seems unlikely that it will increase to the levels shown in the other states in Table 11. Adding Washington's roughly 2.0% increase to Missouri's rate would bring it to 15.95% which is lower than where the other three states started.

Table 11 - Marijuana Use in the Past Year		
	% use age 18 and older	Change in rate
Colorado		
Base year (2012-2013)	18.94%	
Year 1	20.74%	1.80%
Year 2	23.57%	2.83%
Year 3	23.82%	0.25%
overall change base to year 3		4.88%
Washington		
Base year (2012-2013)	17.58%	
Year 1	19.06%	1.48%
Year 2	17.68%	-1.38%
Year 3	19.45%	1.77%
overall change base to year 3		1.87%

Initial infrastructure for adult use marijuana

Table 12 shows the number of retail stores over the first three years in Colorado, Washington, and Oregon. Colorado and Washington start with roughly the same number of retail outlets. Oregon data is unavailable because the program did not establish the statistical infrastructure to collect it in the early years. The Department of Health and Senior Services intends to license 192 medical marijuana dispensaries – the minimum required under that constitutional amendment. The proposed petition provides that for the first year and a half only the medical marijuana dispensaries can be permitted to provide adult use marijuana.

During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana. The department placed on its website a University of Missouri market study that estimates substantially fewer medical marijuana patients than estimated in the ballot language for voters in November 2018. The study reflects concern that oversupply will affect product price and thus the economic feasibility of the envisioned facilities throughout the state. The study also reflects concern about possible diversion of oversupply to the illegal market. In addition, we are aware of reports that Oregon has an oversupply of marijuana.

For these reasons, the estimates assume that the number of Missouri dispensaries will grow more slowly than those in the three states on which the analysis is based. Thus, both application and license fee revenue will be lower as will the likely spending per person in this analysis.

Table 12 - Retail Marijuana Dispensaries in Other States

	# of stores	Change in #	% change
Colorado			
January 2014	161		
January 2015	356	195	121.1%
January 2016	422	66	18.5%
change over 3 years		261	162.1%
Washington			
FY 2015 - applications	175		
FY 2016 - active	525	350	200.0%
FY 2017 - active	507	(18)	(3.4%)
change over 3 years		332	189.7%
Oregon			
FY 2015	N/A		
FY 2016	N/A	0	#DIV/0!
FY 2017	N/A	0	#DIV/0!
change over 3 years		0	#DIV/0!

Marijuana sales over the first three years in other states

Table 13 shows data for the first three years of sales in Colorado[ii], Washington[iii], and Oregon[iv]. The population used for each year is from the estimates made by the U.S. Census Bureau.[v]

Colorado ($56.57/capita) and Washington ($37.24/capita) have year one sales lower than Oregon ($94.05/capita). Dividing the population of the three states into the total sales gives a first-year per capita sale of $57.74/capita. Washington had an unregulated medical marijuana program. Its lower per capita sales may be a function of the fact that it was harder to flip to adult use marijuana than in Oregon which had a regulated medical marijuana program.

By year three the Washington ($190.97) had grown dramatically from its low start. Oregon ($132.90) per capita sales which started as the highest per capita sales are the lowest by year three.

Table 13 - First 3 full-years of Marijuana Sales Retail Value for Colorado, Washington, and Oregon

State/year	Year of starting month	Population	Marijuana sales	$ per capita spent on Retail marijuana
Colorado				
Year 1	2014	5,351,218	$303,239,699	$56.67
Year 2	2015	5,452,107	$577,536,343	$105.93
Year 3	2016	5,540,921	$861,587,411	$155.50
Washington				
Year 1	2014	6,968,170	259,524,430.41	$37.24
Year 2	2015	7,061,410	786,404,467.45	$111.37
Year 3	2016	7,183,700	1,371,862,186.37	$190.97
Oregon				
Year 1	2016	4,091,404	$384,797,226	$94.05
Year 2	2017	4,146,592	$419,924,401	$101.27
Year 3	2018	4,190,713	$556,959,330	$132.90
Combined 3 state totals				
Year 1		16,410,792	947,561,355	$57.74
Year 2		16,660,109	1,783,865,211	$107.07
Year 3		16,915,334	2,790,408,928	$164.96

Table 14 shows the dollar per capita and percentage growth in the first three years of sales. Washington with its low start had very high growth in year 2. Colorado grew by 86.9%. In year two Oregon's growth slowed but it had dollar per capita sales very similar to Colorado. The combined 3 state totals are weighted by population and show 85.4% growth in the second year and 54.1% growth in the third year.

Table 14 - First 3 full-years of Marijuana Sales Retail Value for Colorado, Washington, and Oregon

State/year	$ per capita spent on Retail marijuana	$ Change in $/capita	% change in $/capita
Colorado			
Year 1	$56.67		
Year 2	$105.93	$49.26	86.9%
Year 3	$155.50	$49.57	46.8%
3-year change		$98.83	174.4%
Washington			
Year 1	$37.24		
Year 2	$111.37	$74.12	199.1%
Year 3	$190.97	$79.60	71.5%
3-year change		$153.72	412.8%
Oregon			
Year 1	$94.05		
Year 2	$101.27	$7.22	7.7%
Year 3	$132.90	$31.63	31.2%
3-year change		$38.85	41.3%
Combined 3 state totals			
Year 1	$57.74		
Year 2	$107.07	$49.33	85.4%
Year 3	$164.96	$57.89	54.1%
3-year change		$107.22	185.7%

Tourism

A portion of adult use marijuana sales are the result of visitors to the states that have approved such sales. Table 15 provides tourism data for Colorado, Washington, Oregon, and Missouri[vi]. Both Colorado and Washington have more than twice the number of visitor nights compared to its population as Missouri. In addition, Missouri's spending by visitors compared to population is substantially less than that of Colorado and Washington. The Oregon and Missouri numbers are similar on visitor nights but Missouri lags behind the Oregon spending level. It has been estimated that tourism accounts for less than 10% of Colorado's sales.[vii]

While Missouri may see an uptick of travelers and tourist dollars as a result of adult use marijuana sales it is starting at a significantly lower base to make a dramatic impact on tax collections.

Table 15 - Tourism Visitors and Spending

	Colorado	Washington	Oregon	Missouri
Population estimate 2018	5,695,564	7,535,591	4,190,713	6,126,452
# of visitor nights	85,200,000	128,700,000	29,100,000	42,000,000
Visitors per population	14.96	17.08	6.94	6.86
$ spending of visitors	$22,300,000,000	$24,400,000,000	$12,300,000,000	$13,500,000,000
Spending per population	$3,915.33	$3,237.97	$2,935.06	$2,203.56

Adult Use Marijuana Sales in Missouri

Table 16 provides a range for possible adult use marijuana sales for the first three years of the program. The population calculations were calculated using data from the Office of Administration, Division of Budget and Planning.[viii]

High-end estimate - assumes the population weighted combined 3 state totals from Colorado, Oregon, and Washington shown in Table 14 above. Per capita sales start at $57.74 and grow by 85.4% and 54.1% respectively in years 2 and 3. However, Missouri's base year marijuana usage, as shown in Table 10 is 3.63% to 5.64% below the starting base year for these three states. The value of adult use marijuana sales starts at $375.6 million in year 1 and grows to $1,086 million in year 3.

Low-end estimate - begins at Washington's $37.24/capita starting point. Missouri's marijuana usage is lower. However, Missouri will have a regulated medical marijuana program that Washington did not have when the adult use program began. The low-end estimate assumes the growth in the combined 3 state totals shown in Table 14 of 85.4% and 54.1% respectively in years 2 and 3. The value of adult use marijuana sales starts at $242.2 million in year 1 and grows to $700.2 million in year 3.

Moderate estimate - starts at $45 per capita. This is $11.67/capita lower, about 20% lower, than Colorado. It's higher than Washington's level which was suppressed in year 1. The moderate estimate assumes growth of 75% in year 2 and 50% in year 3.

As noted in Table 14 the three states had different paths to their three-year sales levels. Washington started much lower but had the highest growth in years 2 and 3. Oregon started with high sales per capita but very little growth in year 2 and moderate growth in year 3. The value of adult use marijuana sales starts at $292.7 million in year 1 and grows to $774.4 million in year 3.

The moderate estimate is conservative based on the data reviewed in the pages above.

- Missouri's base year marijuana usage according to federal surveys is lower than the level in Colorado, Oregon, and Washington at the start of the adult use marijuana program.
- Missouri has fewer tourists that could boost sales.

- The department has expressed concern about demand and will likely move more slowly than the other states in adding dispensaries and other facilities.
- Prices for adult use marijuana are difficult to estimate and are likely to decrease over the first few years as supply increases as has happened in the other states.
- It also reflects the difficulty of estimating a new program with limited experience in the other states and the need to make conservative budget assumptions for a healthy program.

Table 16 – Adult Use Marijuana Sales in Missouri

			Low End Estimate		Moderate Estimate		High End Estimate	
	Fiscal Year	Missouri Population	Per capita	Value of Adult use Sales	Per capita	Value of Adult use Sales	Per capita	Value of Adult use Sales
Year 1	2023	6,504,461	$37.24	$242,226,120	$45.00	$292,700,736	$57.74	$375,567,567
Year 2	2024	6,542,664	$69.04	$451,724,916	$78.75	$515,234,822	$107.07	$700,523,077
Year 3	2025	6,580,868	$106.40	$700,172,776	$118.13	$777,365,033	$164.96	$1,085,579,985

Tax, License, and Fee Revenue Estimate

Table 17 uses the moderate estimate of sales to calculate the tax revenues for the new Veterans, Infrastructure, and Health Fund, state general revenue, other state funds, and local funds. The local funds calculation assumes a 3.5% median sales tax derived from the Department of Revenue's list of 2,361 local sales tax rates.[ix] The first licenses will be awarded by early June 2022. The estimates assume the department will issue the license and complete the department's final inspection and other tasks with tax revenue beginning in July 2022 (FY 2023).

Combined State and local tax, fee, and license collections:

- A total all state and local funds of $2.7 million in FY 2021 rising to $182.3 million in FY 2025.
- A five-year total of $381.9 million in all state and local funds.

State license and fee collections:

- Total state funds of $2.7 million in FY 2021 and $5.7 million in FY 2025.
- A five-year total of $21.6 million in state funds.

State tax collections:

- A total all state funds of $56.3 million in FY 2023 rising to $149.4 million in FY 2025.
- A five-year total of $304.8 million in all state funds.
- Veterans, Infrastructure, and Health Fund: $43.9 million in FY 2023 rising to $116.6 million in FY 2025.
- General Revenue Fund: $8.8 million in FY 2023 rising to $23.3 million in FY 2025.
- Prop C: $2.9 million in FY 2023 rising to $7.8 million in FY 2025.
- Conservation: $365,876 in FY 2023 rising to $971,706 in FY 2025.
- Parks and Soils: $292,701 in FY 2023 rising to $777,365 in FY 2025.

Local tax collections:

- Total local funds of $10.2 million in FY 2023 rising to $27.2 million in FY 2025.
- A five-year total of $55.5 million in local funds.

Table 17 - Missouri Tax, License, and Fee Revenue Estimate

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	5-year total
Value of sales taxed	$0	$0	$292,700,736	$515,234,822	$777,365,033	$1,585,300,590
SALES TAX COLLECTIONS						
Veterans, Infrastructure, and Health Fund						
Proposed Missouri sales tax rate	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Sales tax revenue	$0	$0	$43,905,110	$77,285,223	$116,604,755	$237,795,089
License and fee revenue	$2,666,000	$4,472,000	$4,400,000	$4,400,000	$5,654,000	$21,592,000
subtotal VIH fund	$2,666,000	$4,472,000	$48,305,110	$81,685,223	$122,258,755	$259,387,089
General Revenue						
GR statutory sales tax rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Sales tax revenue	$0	$0	$8,781,022	$15,457,045	$23,320,951	$47,559,018
Prop C						
Prop C sales tax rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Sales tax revenue	$0	$0	$2,927,007	$5,152,348	$7,773,650	$15,853,006
Conservation						
Conservation sales tax rate	0.125%	0.125%	0.125%	0.125%	0.125%	0.125%
Sales tax revenue	$0	$0	$365,876	$644,044	$971,706	$1,981,626
Parks and Soils						
Parks and Soils sales tax rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Sales tax revenue	$0	$0	$292,701	$515,235	$777,365	$1,585,301
Total State Funds						
All state funds sales tax rate	19.225%	19.225%	19.225%	19.225%	19.225%	19.225%
Sales tax and license fee revenue	$2,666,000	$4,472,000	$60,671,716	$103,453,894	$155,102,427	$326,366,038
Local Sales Taxes						
Median sales tax rate from DOR	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Sales tax revenue	$0	$0	$10,244,526	$18,033,219	$27,207,776	$55,485,521
Total State and Local Funds						
State and local sales tax rate	22.725%	22.725%	22.725%	22.725%	22.725%	22.725%
Total Sales tax, license, and fee revenue	$2,666,000	$4,472,000	$70,916,242	$121,487,113	$182,310,204	$381,851,559

Allocation of Veterans, Infrastructure, and Health Fund

The proposed petition establishes a number of purposes for which the revenue derived is to be used. First, the Department of Revenue (collection costs) and the Department of Health and Senior Services (administration) are to receive their funds before allocation to the other major purposes. Table 18 shows the distribution among the uses identified in the petition.

Assumptions for the allocation table below include:

- The Department of Revenue takes the maximum 2% it is allowed to take for collection costs.
- The Department of Health and Senior Services spends the same amount, including fringe benefit costs, for administration of the adult use marijuana program as it received in the FY 2020 budget for the medical marijuana program. It will either do so by shifting some medical marijuana staff to the adult use program or add additional staff. A two percent inflation factor is provided beginning in FY 2024. For FY 2022 it is assumed that the department's cost above the Veterans, Infrastructure, and Health Fund revenues, if any, will be paid with a transfer from general revenue as provided by the act.
- The remaining uses receive their share as detailed in the petition.

Allocations:

- Local government: $6.3 million in FY 2023 rising to $20.7 million in FY 2025. A 5-year total of $39.9 million.
- Veterans: $8.4 million in FY 2023 rising to $27.6 million in FY 2025. A 5-year total of $53.1 million.
- Infrastructure: $8.4 million in FY 2023 rising to $27.6 million in FY 2025. A 5-year total of $53.1 million.
- Health: $8.4 million in FY 2023 rising to $27.6 million in FY 2025. A 5-year total of $53.1 million.

Table 18 - Allocation of Veterans, Infrastructure, and Health Fund

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	5-year total
Veterans, Infrastructure, and Health Fund						
Sales tax revenue - received	$0	$0	$43,905,110	$77,285,223	$116,604,755	$237,795,089
Application and license fees	$2,666,000	$4,472,000	$4,400,000	$4,400,000	$5,654,000	$21,592,000
Total VIH fund collections	$2,666,000	$4,472,000	$48,305,110	$81,685,223	$122,258,755	$259,387,089
Administration of tax and program						
Department of Revenue (2% of collections)	($53,320)	($89,440)	($966,102)	($1,633,704)	($2,445,175)	($5,187,742)
Department of Health and Senior Services (for administration)	($2,612,680)	($4,382,560)	($15,668,590)	($15,981,962)	($16,301,601)	($54,947,393)
Remainder to distribute to major purposes	$0	$0	$31,670,418	$64,069,557	$103,511,979	$199,251,954
Major Purposes						
Local governments (3/15ths of remainder)	$0	$0	$6,334,084	$12,813,911	$20,702,396	$39,850,391
Veterans (one-third after local govt.)	$0	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
Infrastructure (one-third after local govt.)	$0	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
Health (one-third after local govt.)	$0	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
subtotal for major purposes	$0	$0	$31,670,418	$64,069,557	$103,511,979	$199,251,954
Total allocated	$2,666,000	$4,472,000	$48,305,110	$81,685,223	$122,258,755	$259,387,089

Department of Health and Senior Services (DHSS) - costs

DHSS has experience with implementing the medical marijuana program in accordance with Amendment 2 passed by Missouri voters in November 2018. Thus, the learning curve should be dramatically reduced for the department for a fully legal adult use marijuana program. Much of the language of the new petition mirrors the framework and language from voter-approved Amendment 2 to implement the new program. The tasks that DHSS has already completed or will complete for the medical marijuana program includes, but is not limited to creating:

- rules for the medical marijuana program;
- Advisory Committees;
- a robust website with information about the program;
- forms and applications;
- an online application portal;
- awarding and completing a contract to provide for blind scoring of the applications;
- FAQs;
- videos to help applicants understand the process

- a significant outreach program to businesses and organizations involved or interested in the medical marijuana program;
- reporting mechanisms available to show the distribution of applicants across the state;
- other resources for applicants and the public; and
- educating the Governor and legislature on its budgetary needs to successfully implement the program.

DHSS was successful in receiving $846,726, including 3.5 staff, in FY 2019 supplemental budget funding to begin implementation of the medical marijuana program. In addition, DHSS received $15.7 million, including 52 staff and fringe benefits, in full year FY 2020 funding to implement the program. The staff included:

- 40 health facilities consultants to process and verify applications, inspect facilities, provide technical assistance to the testing facilities to assist with obtaining and maintaining certification; monitor for compliance, and other duties as needed.
- 4 health and senior services managers to manage patient and caregiver applications while meeting application decision deadlines; manage licensing and/or certification of medical marijuana cultivation facilities, dispensary facilities, infused products manufacturing facilities, testing facilities, transportation entities, seed-to-sale tracking systems; and provide ongoing management responsibilities.
- 2 attorneys to provide legal support.
- 1 Planner IV to project manage and work in conjunction with the IT project manager to plan, monitor, and execute the implementation of a seed-to-sale tracking system
- 1 designated principal assistant.
- 4 clerical support staff

Table 19 provides budget information for Colorado[x], Washington, and Oregon to provide perspective on their administrative costs for the Department of Revenue and the relevant administrative agencies. Missouri's $15.7 million budget for medical marijuana administration appears to be larger than the programs in the other states.

Table 19 - Administrative costs in Oregon, Washington, and Colorado

	Total (in millions)	FTE
Oregon		
Adult use	$19.0	68.0
Medical	$5.6	23.0
Total	$24.6	91.0
Washington		
Adult use & medical	$24.2	
Colorado		
Adult use	$14.5	120.1
Medical	$2.4	1.3
Total	$16.9	121.4

All of this success and sizable budget should make the additional cost of regulating legal marijuana more easily accomplished and keep costs down. For example, DHSS has 40 health facility consultants to process and verify applications, provide technical assistance, monitor compliance, and other duties.

DHSS asked for such a sizable staff in part because it was unclear whether OA ITSD would supply a highly functional IT system to process applications during this first round of applications. DHSS received 2,163 medical marijuana applications yet is expected to issue just 348 licenses – the minimum required by the medical marijuana amendment. DHSS has thus received about 6 times more applicants than the number it will approve.

The current DHSS process and timetable is for the first medical marijuana licenses to be issued in late December 2019 or early January 2020. Providing the necessary construction phase for the medical marijuana facilities and the initial growing period, Missourians can expect that medical marijuana product becomes available during the summer or fall of 2020 with dispensaries being opened from then until the end of 2020. DHSS has indicated publicly that it intends to go slowly on issuing licenses during the first few years of medical marijuana implementation to ensure that the marketplace is sufficient to provide a healthy medical marijuana industry and prevent an oversupply of product. There is little expectation that DHSS will begin another round of medical marijuana facilities expansion before late 2022 – which is beyond the dates contained in this petition and required for implementation of a legal marijuana program. Thus, there is no conflict or doubling up of application processing between the two programs.

As noted earlier in this analysis, for the first 548 days of legal marijuana applications DHSS may only accept applications for licensure from entities holding similar medical marijuana facility licenses. The 40 health facility consultants will face a maximum of 348 marijuana facility applications in late 2021, 16% of what they faced in 2019. In addition, the health facility consultants and all of the staff only have to deal with facilities that they have already instructed, inspected, monitored for compliance, and reviewed. The owners and staff of the medical marijuana facilities will already be knowledgeable of all of the rules and regulations and will have developed a strong working relationship with DHSS.

It is assumed that there will be some costs required to process adult use marijuana facility applications. Costs for OA ITSD for IT services are included in the DHSS medical marijuana budget and can be used to provide additional functionality to reduce the amount of paperwork done by the health facilities consultants and clerical staff. Providing a more efficient, robust and user-friendly application portal will help the department. In addition, additional website development to improve reporting tools, update videos, and other functionality can be completed before the adult use program applications are announced. Blind scoring costs currently in the DHSS budget will not be needed for the first round of adult use marijuana application evaluation.

This analysis assumes that the department will spend the same $15.7 million for their administrative costs for adult use as it did for medical marijuana. It will either do so by shifting some medical marijuana staff to the adult use program or add additional staff. There likely will be significant cost savings in administrative costs when the medical and adult use programs are operational. As shown in Table 19, Colorado, Washington, and Oregon spend much less than the $32 million in administration for both programs that possible under the assumptions of this analysis. Those savings are not calculated herein and will be decided by the Governor and legislature as both programs proceed.

Department of Corrections Savings

In a fiscal note to HB 1448 (2018) the Department of Corrections laid out its estimate of savings to a bill that allowed adult use marijuana. It indicated substantial savings. The department reported that the annual number of persons admitted for cannabis offenses was expected to be 209 with an additional 986 sent to probation. It also reported that the average incarcerated offender spent one year in prison and three more years on parole.

https://house.mo.gov/billtracking/bills181/fiscal/fispdf/4952-01N.ORG.pdf

In its 2017 Annual Report the Missouri Board of Probation and Parole reported that the per diem cost of incarceration was $58.85 compared to $5.39 for probation or parole. Revised numbers have not been made available by the Department. However, the 2017 costs are included in the analysis below to identify the cost savings of the initiative petition to the Department. A two percent inflation factor is assumed for institutional and probation/parole costs.

The number of people normally incarcerated remains static in this analysis at 209 each year since a new cohort comes in and then leaves after one year. At $58.85/day ($21,480/year) the department will save $4.5 million in incarceration costs. The number of people normally expected to be under supervision grows until it peaks at year four. The 209 that normally serves three years of probation increases until it tops out at 627. The 986 people that normally serve three years of supervision tops out at 2,958. The number of people that will not be under supervision in year four is 3,794. The savings run from $6.4 million in year one to $12.2 million in year four.

Table 20 - Department of Corrections - Savings				
	FY 2022	FY 2023	FY 2024	FY 2025
Incarcerated	209	209	209	209
Parole		209	418	627
Probation	986	1,972	2,958	2,958
subtotal supervision	986	2,181	3,376	3,585
Total affected population	1,195	2,390	3,585	3,794
Institutional costs/day	$58.85	$60.03	$61.23	$62.45
Institutional costs/year	$21,480	$21,910	$22,348	$22,795
Probation/parole costs/day	$5.39	$5.50	$5.61	$5.72
Probation/parole costs/year	$1,967	$2,007	$2,047	$2,088
Savings institutional	$4,489,372	$4,579,160	$4,670,743	$4,764,158
Savings probation/parole	$1,939,807	$4,376,606	$6,910,101	$7,484,647
Total Savings	$6,429,179	$8,955,766	$11,580,844	$12,248,805

This measure will not result in an increase in crime as a result of the legalization of adult use marijuana. A recent study published by Reason Magazine[xi] concluded legalization reduced possession and other marijuana crimes and relieved the burden placed on courts, law enforcement and prisons, allowing for greater focus on violent crime. It also identified other studies that showed that opioid use and deaths decreased in states with adult use marijuana. It reports on studies that show reduction in property crime and others that suggest that marijuana use does not lead to an increase in violent crime. Some more recent studies suggest that legalization might reduce violent crime. The Reason study also reported on a recent study that found legalization of marijuana for recreational use in Colorado and Washington was associated with an improvement in the rate of clearance of cases relating to violent crimes.

A federally funded study[xii] of the experience in Colorado and Washington also concluded that marijuana legislation had minimal to no effect on major crimes in those states. The study found no statistically significant long-term effects of recreational cannabis laws or the initiation of retails sales on violent or property crimes in those states. The analysis was based on FBI data on violent, property, aggravated assault, auto theft, burglary, larceny, and robbery crime rates. The one trend that held was a decrease in the burglary rate in Washington. The study also called out some published research for bad research design and data for studies that purported to show increases in crime. The study found some immediate effect on crime in Colorado (property crime) and Washington (larceny) at the point of legalization but the trends suggest that if marijuana legalization influenced crime, it was short-lived.

Multiple analyses have concluded that medical marijuana laws are not causally linked with increases in violent crime or property crime.[xiii] RAND researchers found a negative and significant relationship between dispensary allowances and property crime rates.[xiv] A September 2019 study in Regional Science and Urban Economics reports reduction in crimes in areas around marijuana dispensaries.[xv]

The Cato Institute studied outcomes in Colorado and Washington, including crime rates in Denver and Seattle, and found no statistical relationship between passage of adult-use legalization and increased crime.[xvi] In a recent paper a University of Washington researcher used regression analysis on crime data from 1990 to 2017 and found that the legalization of marijuana, both recreational and medical, does not increase violent crime rates but could lead to a decline in violent crime such as homicide, robbery and aggravated assault.[xvii] A peer-reviewed study published in *The Economic Journal* indicates that legalizing marijuana is likely reducing crime in many states by displacing the illicit markets traditionally controlled by drug cartels.[xviii]

Other news reports also show a minimal impact of legal marijuana on crime[xix] and its effect on reducing opioid use and deaths.

Public Defender Savings

The State Public Defender's Office also estimated its savings in the same fiscal note to HB 1448 (2018). The Public Defender reported that the bill would save 52,230 attorney hours, or slightly more than 25 attorneys based on the state's 2,080-hour work year. The Public Defender assumed that 25% of drug cases relate to marijuana affecting about 2,472 cases. However, it did not convert the 52,230 hours savings into a dollar amount. It stated that it would not cut its budget because it is staffed substantially below the level it believes is necessary to meet its caseload standards.

Table 21 provides the conversion of hours saved into dollars using the FY 2020 budget request for 385 additional staff made by the Public Defender's Office. The FY 2020 budget request included a request for attorneys at a salary of $60,084 and a secretary for every three attorneys at a salary of $28,668. That provides a savings of $1.7 million in salaries if the Public Defender's budget was cut to keep its staffing levels at the level the General Assembly has been providing. The expense and equipment requests provided $10,500/attorney in travel and $6,380/FTE for all other expense and equipment leading to a savings of $475,145. Fringe benefit savings would add another $1 million. Total savings to the Public Defender's budget annually is estimated at $3.3 million. However, the petitioners do not recommend such cuts.

Table 21 - Public Defender possible savings			
Hours saved	52,230		
Yearly hours per FTE	2,080		
FTE saved	25.11		
	# staff	Avg. salary	Total
Public defenders	25	$60,084	$1,502,100
Secretary (1 for every 3 attorneys)	8.33	$28,668	$238,804
subtotal Personal Service Savings			$1,740,904
Expense & equipment			
Travel	25	$10,500	$262,500
Other items	33.33	$6,380	$212,645
subtotal E&E Savings			$475,145
Fringe benefits (59.8% of PS costs)			$1,041,061
Total savings for Public Defender			$3,257,110

Other department – costs, revenues, or savings

The Missouri State Highway Patrol (MSHP) should expect additional revenue as a result of this proposal. For HB 1448 (2018) the MSHP estimated income of $540,584 for the Criminal Records System Fund as a result of fingerprint and criminal record system checks in the first year and $54,054 annually thereafter.

The Office of Administration, Information Technology Systems Division provided IT support to DHSS. Possible additional costs to OA ITSD are included in the DHSS cost discussion of this analysis.

The Office of State Courts Administrator, the courts, the Department of Corrections, and the Public Defender may have additional costs to process expungement of marijuana convictions from criminal records. The petition provides that people with such convictions "may apply for expungement upon the

effective date of this section and such expungement shall be granted…". A search of the Missouri General Assembly's bill list for the past seven regular sessions found three bills filed by Rep. Ellington from 2014-2016 that included expungement of such records. It was not the same as the petition's provisions. The Oversight Division did not complete a fiscal note of the possible costs or savings.

Footnotes:

[i] [i] SAMSHA, National Survey on Drug Use and Health - https://www.samhsa.gov/data/nsduh/state-reports-NSDUH-2016

[ii] Colorado provides data on monthly sales and monthly tax revenue. Colorado Department of Revenue, Monthly sales of marijuana. Excel spreadsheet downloaded. https://www.colorado.gov/pacific/revenue/colorado-marijuana-sales-reports. Monthly tax receipts from marijuana sales. Excel spreadsheet downloaded. https://www.colorado.gov/pacific/revenue/colorado-marijuana-tax-data

[iii] Washington's website has annual data for the first three years but only part of a 2018. https://data.lcb.wa.gov/Sales/Sales-and-Tax-Grouped-by-Fiscal-Year-Chart-/g9n8-n3mg. Monthly tax data is not on the Washington website but can be found at the following site but the monthly numbers when added are slightly different that the state annual numbers. https://www.502data.com/

[iv] Oregon Department of Revenue. Download excel spreadsheet. https://www.oregon.gov/DOR/programs/gov-research/Pages/research-marijuana.aspx

[v] U.S. Census Bureau https://www.census.gov/data/tables/time-series/demo/popest/2010s-state-total.html

[vi] Data obtained from the Division of Tourism offices in each state.

[vii] Governing Magazine, High on Pot Taxes, September 2019. https://www.governing.com/columns/public-money/gov-pot-taxes-high.html?utm_term=High%20on%20Pot%20Taxes&utm_campaign=High%20on%20Pot%20Taxes&utm_content=email&utm_source=Act-On+Software&utm_medium=email

[viii] Missouri Office of Administration, Division of Budget and Planning. https://archive.oa.mo.gov/bp/projections/TotalPop.pdf. The population estimates are at five year intervals. To determine the numbers for years 2023-2025 for this analysis the 2020 to 2025 total change was calculated and divided to determine the level annual increase per year needed to make the 2025 number – 38,204 increase per year.

[ix] Missouri Department of Revenue, Sales and Use tax rate table in effect for August/September 2019; https://dor.mo.gov/business/sales/taxcards/multiletter.pdf

[x] Colorado Joint Budget Committee, Marijuana Policy Overview. https://leg.colorado.gov/sites/default/files/fy2019-20_marbrf.pdf

[xi] Reason Foundation, Does Legalizing Marijuana Reduce Crime. September 2018. https://reason.org/wp-content/uploads/does-legalizing-marijuana-reduce-crime.pdf

[xii] Justice Quarterly. The Cannabis Effect on Crime: Time-Series Analysis of Crime in Colorado and Washington State. October 8, 2019 https://www.tandfonline.com/doi/full/10.1080/07418825.2019.1666903. Marijuana Moment article about study: https://www.marijuanamoment.net/marijuana-legalization-doesnt-cause-increased-crime-federally-funded-study-finds/.

[xiii] Shepard, E. M., et al. (2016). Medical Marijuana and Crime: Further Evidence From the Western States. *Journal of Drug Issues*. https://doi.org/10.1177/0022042615623983
Chu, Y. L., et al. (2019). Joint culpability: The effects of medical marijuana laws on crime. *Journal of Economic Behavior & Organization*, https://doi.org/10.1016/j.jebo.2018.07.003

[xiv] Hunt, P., et al. (2018). High on Crime? Exploring the Effects of Marijuana Dispensary Laws on Crime in California Counties. Institute of Labor Economics. Accessed from http://ftp.iza.org/dp11567.pdf

[xv] Jeffrey Brinkman and David Mok-Lamm. "Not in my backyard? Not so fast" The effect of marijuana legalization on neighborhood crime Regional Science and Urban Economics. September 2019. https://www.sciencedirect.com/science/article/abs/pii/S016604621830293X?via%3Dihub

[xvi] Dills, A., et al (2016). Dose of Reality: The Effect of State Marijuana Legalizations. Cato Institute. Retrieved from https://www.cato.org/publications/policy-analysis/dose-reality-effect-state-marijuana-legalizations.

[xvii] Rice, A. (2019) A blunt look at the impacts marijuana has on violent crime (manuscript). University of Washington. Accessed from https://digital.lib.washington.edu/researchworks/handle/1773/44495.

[xviii] Gavrilova, E., et al. (2017). Is Legal Pot Crippling Mexican Drug Trafficking Organisations? The Effect of Medical Marijuana Laws on US Crime. *The Economic Journal*, https://doi.org/10.1111/ecoj.12521.

[xix] Washington Post, https://www.washingtonpost.com/news/wonk/wp/2016/10/13/heres-how-legal-pot-changed-colorado-and-washington/?wpisrc=nl_wonk&wpmm=1.
And https://www.washingtonpost.com/news/wonk/wp/2016/06/21/colorado-survey-shows-what-marijuana-legalization-will-do-to-your-kids/?wpisrc=nl_wonk&wpmm=1

And https://www.washingtonpost.com/news/wonk/wp/2016/07/13/one-striking-chart-shows-why-pharma-companies-are-fighting-legal-marijuana/?wpisrc=nl_headlines&wpmm=1

And https://www.washingtonpost.com/news/wonk/wp/2016/08/29/study-medical-marijuana-changes-how-employees-use-sick-time/?wpisrc=nl_wonk&wpmm=1

And https://www.washingtonpost.com/news/wonk/wp/2018/04/02/two-new-studies-show-how-marijuana-can-help-fight-the-opioid-epidemic/

And https://www.washingtonpost.com/news/wonk/wp/2017/10/16/legal-marijuana-is-saving-lives-in-colorado-study-finds/

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State government entities are expected to have one-time costs of $21 million, annual costs of up to $6 million, and annual revenues from $86 million to $155 million by 2025. Local governments estimate unknown costs and are expected to have annual revenues from $17 million to $27 million by 2025.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

October 21, 2019

RECEIVED
OCT 21 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Deirdre Hirner regarding a proposed constitutional amendment to Article XIV (2020-126)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Deirdre Hirner on October 18, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

MOB000001

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County _____

INITIATIVE PETITION

Page No. _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2019 OCT 18 PM 3:38

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

	Signature	Date Signed	Registered Voting Address	Zip Code	Cong. District	Printed First and Last Name
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

_____ Signature of Affiant (Person obtaining signatures)

_____ Street Address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____

(Seal)

_____ Signature of Notary

_____ Address of Notary

20-126

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article XIV is amended by amending Section 1 of Article XIV and enacting one new section to be known as Section 2 of Article XIV, to read as follows:

XIV Section 1. Right to access medical marijuana. — 1. Purposes.

This section is intended to permit state-licensed physicians to recommend marijuana for medical purposes to patients with serious illnesses and medical conditions. The section allows patients with qualifying medical conditions the right to discuss freely with their physicians the possible benefits of medical marijuana use, the right of their physicians to provide professional advice concerning the same, and the right to use medical marijuana for treatment under the supervision of a physician.

This section is intended to make only those changes to Missouri laws that are necessary to protect patients, their primary caregivers, and their physicians from civil and criminal penalties, and to allow for the limited legal production, distribution, sale and purchase of marijuana for medical use. This section is not intended to change current civil and criminal laws governing the use of marijuana for nonmedical purposes. The section does not allow for the public use of marijuana and driving under the influence of marijuana.

2. Definitions.

(1) **"Administer"** means the direct application of marijuana to a qualifying patient by way of any of the following methods:

(a) Ingestion of capsules, teas, oils, and other marijuana-infused products;

(b) Vaporization or smoking of dried flowers, buds, plant material, extracts, or oils;

(c) Application of ointments or balms;

(d) Transdermal patches and suppositories;

(e) Consuming marijuana-infused food products; or

(f) Any other method recommended by a qualifying patient's physician.

(2) **"Department"** means the department of health and senior services, or its successor agency.

(3) **"Entity"** means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) **"Flowering plant"** means a marijuana plant from the time it exhibits the first signs of sexual maturity through harvest.

(5) **"Marijuana"** or **"marihuana"** means *Cannabis indica*, *Cannabis sativa*, and *Cannabis ruderalis*, hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" or "marihuana" do not include industrial hemp containing a cropwide average tetrahydrocannabinol concentration that does not exceed three-tenths of one percent on a dry weight basis, or commodities or products manufactured from industrial hemp.

(6) **"Marijuana-infused products"** means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(7) **"Medical marijuana cultivation facility"** means a facility licensed by the department to acquire, cultivate, process, store, transport, and sell marijuana to a medical marijuana dispensary facility, medical marijuana testing facility, or to a medical marijuana-infused products manufacturing facility.

(8) **"Medical marijuana dispensary facility"** means a facility licensed by the department to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and drug paraphernalia used to administer marijuana as provided for in this section to a qualifying patient, a primary caregiver, another medical marijuana dispensary facility, a medical marijuana testing facility, or a medical marijuana-infused products manufacturing facility.

(9) **"Medical marijuana-infused products manufacturing facility"** means a facility licensed by the department to acquire, store, manufacture, transport, and sell marijuana-infused products to a medical marijuana dispensary facility, a medical marijuana testing facility, or to another medical marijuana-infused products manufacturing facility.

(10) **"Medical marijuana testing facility"** means a facility certified by the department to acquire, test, certify, and transport marijuana.

(11) **"Medical use"** means the production, possession, delivery, distribution, transportation, or administration of marijuana or a marijuana-infused product, or drug paraphernalia used to administer marijuana or a marijuana-infused product, for the benefit of a qualifying patient to mitigate the symptoms or effects of the patient's qualifying medical condition.

(12) **"Physician"** means an individual who is licensed and in good standing to practice medicine or osteopathy under Missouri law.

(13) **"Physician certification"** means a document, whether handwritten, electronic or in another commonly used format, signed by a physician and stating that, in the physician's professional opinion, the patient suffers from a qualifying medical condition.

(14) **"Primary caregiver"** means an individual twenty-one years of age or older who has significant responsibility for managing the well-being of a qualifying patient and who is designated as such on the primary caregiver's application for an identification card under this section or in other written notification to the department.

(15) **"Qualifying medical condition"** means the condition of, symptoms related to, or side-effects from the treatment of:

(a) Cancer;

(b) Epilepsy;

(c) Glaucoma;

(d) Intractable migraines unresponsive to other treatment;

(e) A chronic medical condition that causes severe, persistent pain or persistent muscle spasms, including but not limited to those associated with multiple sclerosis, seizures, Parkinson's disease, and Tourette's syndrome;

(f) Debilitating psychiatric disorders, including, but not limited to, posttraumatic stress disorder, if diagnosed by a state licensed psychiatrist;

(g) Human immunodeficiency virus or acquired immune deficiency syndrome;

(h) A chronic medical condition that is normally treated with a prescription medication that could lead to physical or psychological dependence, when a physician determines that medical use of marijuana could be effective in treating that condition and would serve as a safer alternative to the prescription medication;

(i) Any terminal illness; or

(j) In the professional judgment of a physician, any other chronic, debilitating or other medical condition, including, but not limited to, hepatitis C, amyotrophic lateral sclerosis, inflammatory bowel disease, Crohn's disease, Huntington's disease, autism, neuropathies, sickle cell anemia, agitation of Alzheimer's disease, cachexia, and wasting syndrome.

(16) **"Qualifying patient"** means a Missouri resident diagnosed with at least one qualifying medical condition.

3. Creating Patient Access to Medical Marijuana.

(1) In carrying out the implementation of this section, the department shall have the authority to:

(a) Grant or refuse state licenses and certifications for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use as provided by law; suspend, fine, restrict, or revoke such licenses and certifications upon a violation of this section or a rule promulgated pursuant to this section; and impose any administrative penalty authorized by this section or any rule promulgated pursuant to this section.

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana for medical use and for the enforcement of this section so long as patient access is not restricted unreasonably and such rules are reasonably necessary for patient safety or to restrict access to only licensees and qualifying patients.

(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section;

(d) Require a seed-to-sale tracking system that tracks medical marijuana from either the seed or immature plant stage until the medical marijuana or medical marijuana-infused product is sold to a qualifying patient or primary caregiver to ensure that no medical marijuana grown by a medical marijuana cultivation facility or manufactured by a medical marijuana-infused products manufacturing facility is sold or otherwise transferred except by a medical marijuana dispensary facility. The department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees.

(e) Issue standards for the secure transportation of marijuana and marijuana-infused products. The department shall certify entities which demonstrate compliance with its transportation standards to transport marijuana and marijuana-infused products to a medical marijuana cultivation facility, a medical marijuana-infused products manufacturing facility, a medical marijuana dispensary facility, a medical marijuana testing facility, or another entity with a transportation certification. The department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity licensed or certified pursuant to this section shall be allowed to transport cannabis.

(f) The department may charge a fee not to exceed $5,000 for any certification issued pursuant to this section.

(g) Prepare and transmit annually a publicly available report accounting to the governor for the efficient discharge of all responsibilities assigned to the department under this section;

(h) Establish a system to numerically score competing medical marijuana licensee and certificate applicants, only in cases where more applicants apply than the minimum number of licenses or certificates as calculated by this section, which scoring shall be limited to an analysis of the following:

(i) the character, veracity, background, qualifications, and relevant experience of principal officers or managers;

(ii) the business plan proposed by the applicant, which in the case of cultivation facilities and dispensaries shall include the ability to maintain an adequate supply of marijuana, plans to ensure safety and security of qualifying patients and the community, procedures to be used to prevent diversion, and any plan for making marijuana available to low-income qualifying patients;

(iii) site security;

(iv) experience in a legal cannabis market;

(v) in the case of medical marijuana testing facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and/or potency and health care industry experience;

(vi) the potential for positive economic impact in the site community;

(vii) in the case of medical marijuana cultivation facilities, capacity or experience with agriculture, horticulture, and health care;

(viii) in the case of medical marijuana dispensary facilities, capacity or experience with health care, the suitability of the proposed location, and its accessibility for patients;

(ix) in the case of medical marijuana-infused products manufacturing facilities, capacity or experience with food and beverage manufacturing; and

(x) maintaining competitiveness in the marijuana for medical use marketplace.

In ranking applicants and awarding licenses and certificates, the department may consult or contract with other public agencies with relevant expertise regarding these factors. The department shall lift or ease any limit on the number of licensees or certificate holders in order to meet the demand for marijuana for medical use by qualifying patients.

(2) The department shall issue any rules or emergency rules necessary for the implementation and enforcement of this section and to ensure the right to, availability, and safe use of marijuana for medical use by qualifying patients. In developing such rules or emergency rules, the department may consult with other public agencies. In addition to any other rules or emergency rules necessary to carry out the mandates of this section, the department may issue rules or emergency rules relating to the following subjects:

(a) Compliance with, enforcement of, or violation of any provision of this section or any rule issued pursuant to this section, including procedures and grounds for denying, suspending, fining, restricting, or revoking a state license or certification issued pursuant to this section;

(b) Specifications of duties of officers and employees of the department;

(c) Instructions or guidance for local authorities and law enforcement officers;

(d) Requirements for inspections, investigations, searches, seizures, and such additional enforcement activities as may become necessary from time to time;

(e) Creation of a range of administrative penalties for use by the department;

(f) Prohibition of misrepresentation and unfair practices;

(g) Control of informational and product displays on licensed premises provided that the rules may not prevent or unreasonably restrict appropriate signs on the property of the medical marijuana dispensary facility, product display and examination by the qualifying patient and/or primary caregiver, listings in business directories including phone books, listings in marijuana-related or medical publications, or the sponsorship of health or not for profit charity or advocacy events;

(h) Development of individual identification cards for owners, officers, managers, contractors, employees, and other support staff of entities licensed or certified pursuant to this

section, including a fingerprint-based federal and state criminal record check in accordance with U.S. Public Law 92-544, or its successor provisions, as may be required by the department prior to issuing a card and procedures to ensure that cards for new applicants are issued within fourteen days. Applicants licensed pursuant to this section shall submit fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol, if necessary, shall forward the fingerprints to the Federal Bureau of Investigation (FBI) for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted pursuant to 43.543 and fees shall be paid pursuant to 43.530;

(i) Security requirements for any premises licensed or certified pursuant to this section, including, at a minimum, lighting, physical security, video, alarm requirements, and other minimum procedures for internal control as deemed necessary by the department to properly administer and enforce the provisions of this section, including reporting requirements for changes, alterations, or modifications to the premises;

(j) Regulation of the storage of, warehouses for, and transportation of marijuana for medical use;

(k) Sanitary requirements for, including, but not limited to, the preparation of medical marijuana-infused products;

(l) The specification of acceptable forms of picture identification that a medical marijuana dispensary facility may accept when verifying a sale;

(m) Labeling and packaging standards;

(n) Records to be kept by licensees and the required availability of the records;

(o) State licensing procedures, including procedures for renewals, reinstatements, initial licenses, and the payment of licensing fees;

(p) The reporting and transmittal of tax payments;

(q) Authorization for the department of revenue to have access to licensing information to ensure tax payment and the effective administration of this section; and

(r) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(3) The department shall issue rules or emergency rules for a medical marijuana and medical marijuana-infused products independent testing and certification program for medical marijuana licensees and requiring licensees to test medical marijuana using one or more impartial, independent laboratories to ensure, at a minimum, that products sold for human consumption do not contain contaminants that are injurious to health, to ensure correct labeling and measure potency. The department shall not require any medical marijuana or medical marijuana-infused products to be tested more than once prior to sale.

(4) The department shall issue rules or emergency rules to provide for the certification of and standards for medical marijuana testing facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The department shall certify, if possible, at least two entities as medical marijuana testing facilities. No medical marijuana testing facility shall be owned by an entity under substantially common control, ownership, or management as a medical marijuana cultivation facility, medical marijuana-infused product manufacturing facility, or medical marijuana dispensary facility.

(5) [The department shall maintain the confidentiality of reports or other information obtained from an applicant or licensee containing any individualized data, information, or records related to the licensee or its operation, including sales information, financial records, tax returns, credit reports, cultivation information, testing results, and security information and plans, or revealing any patient information, or any other records that are exempt from public inspection

pursuant to state or federal law. Such reports or other information may be used only for a purpose authorized by this section. Any information released related to patients may be used only for a purpose authorized by federal law and this section, including verifying that a person who presented a patient identification card to a state or local law enforcement official is lawfully in possession of such card.] Beginning December 2, 2020, all public records produced or retained pursuant to this section are subject to the general provisions of the Missouri Sunshine Law, as amended from time to time. Notwithstanding the foregoing, records containing proprietary business information obtained from an applicant or licensee are subject to closure. For documents submitted on or after December 2, 2020, the applicant or licensee shall label business information it believes to be proprietary prior to submitting it to the department. For documents submitted prior to December 2, 2020, the applicant or licensee may advise the department, through a department approved process, of any records previously submitted by the applicant or licensee it believes contain proprietary business information. Proprietary business information shall include sales information, financial records, tax returns, credit reports, cultivation information unrelated to product safety, testing results unrelated to product safety, site security information and plans, and individualized consumer information. The presence of proprietary business information shall not justify the closure of public records:

(a) identifying the applicant or licensee;

(b) relating to any citation, notice of violation, tax delinquency, or other enforcement action;

(c) relating to any public official's support or opposition relative to any applicant, licensee, or their proposed or actual operations;

(d) where disclosure is reasonably necessary for the protection of public health or safety; or

(e) that are otherwise subject to public inspection under other applicable law.

(6) Within one hundred eighty days of December 6, 2018, the department shall make available to the public license application forms and application instructions for medical marijuana cultivation facilities, medical marijuana testing facilities, medical marijuana dispensary facilities, and medical marijuana-infused products manufacturing facilities.

(7) Within one hundred eighty days of December 6, 2018, the department shall make available to the public application forms and application instructions for qualifying patient, qualifying patient cultivation, and primary caregiver identification cards. Within two hundred ten days of December 6, 2018, the department shall begin accepting applications for such identification cards.

(8) An entity may apply to the department for and obtain one or more licenses to grow marijuana as a medical marijuana cultivation facility. Each facility in operation shall require a separate license, but multiple licenses may be utilized in a single facility. Each indoor facility utilizing artificial lighting may be limited by the department to thirty thousand square feet of flowering plant canopy space. Each outdoor facility utilizing natural lighting may be limited by the department to two thousand eight hundred flowering plants. Each greenhouse facility using a combination of natural and artificial lighting may be limited by the department, at the election of the licensee, to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a nonrefundable fee of ten thousand dollars per license application or renewal for all applicants filing an application within three years of December 6, 2018, and shall charge each applicant a nonrefundable fee of five thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of twenty-five thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three medical marijuana cultivation facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(9) An entity may apply to the department for and obtain one or more licenses to operate a medical marijuana dispensary facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a nonrefundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of December 6, 2018, and shall charge each applicant a nonrefundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than five medical marijuana dispensary facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(10) An entity may apply to the department for and obtain one or more licenses to operate a medical marijuana-infused products manufacturing facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a nonrefundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of December 6, 2018, and shall charge each applicant a nonrefundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three medical marijuana-infused products manufacturing facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(11) Any applicant for a license authorized by this section may prefile their application fee with the department beginning 30 days after December 6, 2018.

(12) Except for good cause, a qualifying patient or his or her primary caregiver may obtain an identification card from the department to cultivate up to six flowering marijuana plants for the exclusive use of that qualifying patient. The card shall be valid for twelve months from its date of issuance and shall be renewable with the annual submittal of a new or updated physician's certification. The department shall charge an annual fee for the card of one hundred dollars, with such rate to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency.

(13) The department may set a limit on the amount of marijuana that may be purchased by or on behalf of a single qualifying patient in a thirty-day period, provided that limit is not less than four ounces of dried, unprocessed marijuana, or its equivalent. Any such limit shall not apply to a qualifying patient with written certification from two independent physicians that there are compelling reasons why the qualifying patient needs a greater amount than the limit established by the department.

(14) The department may set a limit on the amount of marijuana that may be possessed by or on behalf of each qualifying patient, provided that limit is not less than a sixty-day supply of dried, unprocessed marijuana, or its equivalent. A primary caregiver may possess a separate legal limit for each qualifying patient under their care and a separate legal limit for themselves if they are a qualifying patient. Qualifying patients cultivating marijuana for medical use may possess up to a ninety-day supply, so long as the supply remains on property under their control. Any such limit shall not apply to a qualifying patient with written certification from two independent physicians that there are compelling reasons for additional amounts. Possession of between the legal limit and up to twice the legal limit shall subject the possessor to department sanctions, including an administrative penalty and loss of their patient identification card for up to a year. Purposefully possessing amounts in excess of twice the legal limit shall be punishable by imprisonment of up to one year and a fine of up to two thousand dollars.

(15) The department may restrict the aggregate number of licenses granted for medical marijuana cultivation facilities, provided, however, that the number may not be limited to fewer

than one license per every one hundred thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(16) The department may restrict the aggregate number of licenses granted for marijuana-infused products manufacturing facilities, provided, however, that the number may not be limited to fewer than one license per every seventy thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(17) The department may restrict the aggregate number of licenses granted for medical marijuana dispensary facilities, provided, however, that the number may not be limited to fewer than twenty-four licenses in each United States congressional district in the state of Missouri pursuant to the map of each of the eight congressional districts as drawn and effective on December 6, 2018. Future changes to the boundaries of or the number of congressional districts shall have no impact.

(18) The department shall begin accepting license and certification applications for medical marijuana dispensary facilities, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than two hundred forty days after December 6, 2018. Applications for licenses and certifications under this section shall be approved or denied by the department no later than one hundred fifty days after their submission. If the department fails to carry out its nondiscretionary duty to approve or deny an application within one hundred fifty days of submission, an applicant may immediately seek a court order compelling the department to approve or deny the application.

(19) Qualifying patients under this section shall obtain [and annually renew] an identification card or cards from the department. The department shall charge a fee of twenty-five dollars per year per card with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor or its successor agency. Cards shall be valid for three years and may be renewed with a new physician's certification. Upon receiving an application for a qualifying patient identification card or qualifying patient cultivation identification card, the department shall, within thirty days, either issue the card or provide a written explanation for its denial. If the department fails to deny and fails to issue a card to an eligible qualifying patient within thirty days, then their physician certification shall serve as their qualifying patient identification card or qualifying patient cultivation identification card for up to one year from the date of physician certification. All initial applications for or renewals of a qualifying patient identification card or qualifying patient cultivation identification card shall be accompanied by a physician certification that is less than thirty days old.

(20) Primary caregivers under this section shall obtain [and annually renew] an identification card from the department. Cards shall be valid for three years. The department shall charge a fee of [twenty-five] seventy-five dollars [per year], with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. Upon receiving an application for a primary caregiver identification card, the department shall, within thirty days, either issue the card or provide a written explanation for its denial.

(21) All marijuana for medical use sold in Missouri shall be cultivated in a licensed medical marijuana cultivation facility located in Missouri.

(22) All marijuana-infused products for medical use sold in the state of Missouri shall be manufactured in a medical marijuana-infused products manufacturing facility.

(23) The denial of a license, license renewal, or identification card by the department shall be appealable to the administrative hearing commission, or its successor entity. Following the exhaustion of administrative review, denial of a license, license renewal, or identification card by the department shall be subject to judicial review as provided by law.

(24) No elected official shall interfere directly or indirectly with the department's obligations and activities under this section.

(25) The department shall not have the authority to apply or enforce any rule or regulation that would impose an undue burden on any one or more licensees or certificate holders, any qualifying patients, or act to undermine the purposes of this section.

4. Taxation and Reporting.

(1) A tax is levied upon the retail sale of marijuana for medical use sold at medical marijuana dispensary facilities within the state. The tax shall be at a rate of four percent of the retail price. The tax shall be collected by each licensed medical marijuana dispensary facility and paid to the department of revenue. After retaining no more than five percent for its actual collection costs, amounts generated by the tax levied in this section shall be deposited by the department of revenue into the Missouri veterans' health and care fund. Licensed entities making retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Missouri Veterans' Health and Care Fund", which shall consist of taxes and fees collected under this section. The state treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and monies earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The commissioner of administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the department, an amount necessary for the department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section;

(b) Next, the remainder of such funds shall be transferred to the Missouri veterans commission for health and care services for military veterans, including the following purposes: operations, maintenance and capital improvements of the Missouri veterans homes, the Missouri service officer's program, and other services for veterans approved by the commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness. The Missouri veterans commission shall contract with other public agencies for the delivery of services beyond its expertise.

(c) All monies from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana for medical use, a record shall be kept by the seller which identifies, by secure and encrypted patient number issued by the seller to the qualifying patient involved in the sale, all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the department and the department of revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from, and in addition to, any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana for medical use.

(6) The fees and taxes provided for in this Article XIV, Section 1 shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

(7) The unexpended balance existing in the fund shall be exempt from the provisions of section 33.080 relating to the transfer of unexpended balances to the general revenue fund.

5. Additional Patient, Physician, Caregiver and Provider Protections.

(1) Except as provided in this section, the possession of marijuana in quantities less than the limits of this section, or established by the department, and transportation of marijuana from a medical marijuana dispensary facility to the qualifying patient's residence shall not subject the possessor to arrest, criminal or civil liability, or sanctions under Missouri law, provided that the possessor produces on demand to the appropriate authority a valid qualifying patient identification card; a valid qualifying patient cultivation identification card; a valid physician certification while making application for an identification card; or a valid primary caregiver identification card. Production of the respective equivalent identification card or authorization issued by another state or political subdivision of another state shall also meet the requirements of this subdivision and shall allow for the purchase of marijuana for use by a non-resident patient from a medical marijuana dispensary facility as permitted by this section and in compliance with department regulations.

(2) No patient shall be denied access to or priority for an organ transplant because they hold a qualifying patient identification card or use marijuana for medical use.

(3) A physician shall not be subject to criminal or civil liability or sanctions under Missouri law or discipline by the Missouri state board of registration for the healing arts, or its successor agency, for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or issuing a physician certification to a patient diagnosed with a qualifying medical condition in a manner consistent with this section and legal standards of professional conduct.

(4) A health care provider shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or providing health care services that involve the medical use of marijuana consistent with this section and legal standards of professional conduct.

(5) A medical marijuana testing facility shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to the medical use of marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(6) A health care provider shall not be subject to mandatory reporting requirements for the medical use of marijuana by nonemancipated qualifying patients under eighteen years of age in a manner consistent with this section and with consent of a parent or guardian.

(7) A primary caregiver shall not be subject to criminal or civil liability or sanctions under Missouri law for purchasing, transporting, or administering marijuana for medical use to a qualifying patient or participating in the patient cultivation of up to six flowering marijuana plants per patient in a manner consistent with this section and generally established legal standards of personal or professional conduct.

(8) An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to prospective or licensed medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana dispensary facilities, medical marijuana-infused products manufacturing facilities, qualifying patients, primary caregivers, physicians, health care providers or others related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(9) Actions and conduct by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities licensed or registered with the department, or their employees or agents, as permitted by this section and in compliance with department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

(10) Nothing in this section shall provide immunity for negligence, either common law or statutorily created, nor criminal immunities for operating a vehicle, aircraft, dangerous device, or navigating a boat under the influence of marijuana.

(11) It is the public policy of the state of Missouri that contracts related to marijuana for medical use that are entered into by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities and those who allow property to be used by those entities, should be enforceable. It is the public policy of the state of Missouri that no contract entered into by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to medical marijuana may be prohibited by federal law.

6. Legislation.

Nothing in this section shall limit the general assembly from enacting laws consistent with this section, or otherwise effectuating the patient rights of this section. The legislature shall not enact laws that hinder the right of qualifying patients to access marijuana for medical use as granted by this section.

7. Additional Provisions.

(1) Nothing in this section permits a person to:

(a) Consume marijuana for medical use in a jail or correctional facility;

(b) Undertake any task under the influence of marijuana when doing so would constitute negligence or professional malpractice; or

(c) Operate, navigate, or be in actual physical control of any dangerous device or motor vehicle, aircraft or motorboat while under the influence of marijuana; or

(d) Bring a claim against any employer, former employer, or prospective employer for wrongful discharge, discrimination, or any similar cause of action or remedy, based on the employer, former employer, or prospective employer prohibiting the employee, former employee, or prospective employee from being under the influence of marijuana while at work or disciplining the employee or former employee, up to and including termination from employment, for working or attempting to work while under the influence of marijuana.

(2) No medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility, or entity with a transportation certification shall be owned, in whole or in part, or have as an officer, director, board member, manager, or employee, any individual with a disqualifying felony offense. A "disqualifying felony offense" is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the department determines that:

(a) The person's conviction was for the medical use of marijuana or assisting in the medical use of marijuana; or

(b) The person's conviction was for a nonviolent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses.

The department may consult with and rely on the records, advice and recommendations of the attorney general and the department of public safety, or their successor entities, in applying this subdivision.

(3) All medical marijuana cultivation facility, medical marijuana dispensary facility, and medical marijuana-infused products manufacturing facility licenses, entities with medical marijuana testing facility certifications, and entities with transportation certifications shall be held by entities that are majority owned, directly or indirectly, by natural persons who have been citizens of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, persons or entities outside the state of Missouri may own a minority stake, directly or indirectly, in such entities.

(4) No medical marijuana cultivation facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility shall manufacture, package or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between a marijuana or marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional department sanction, up to and including loss of license.

(5) All edible marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with dosage amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled as mandated by the department [, in a font size at least as large as the largest other font size used on the package,] as containing "Marijuana", or a "Marijuana-Infused Product". Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty.

(6) No individual shall serve as the primary caregiver for more than three qualifying patients.

(7) No qualifying patient shall consume marijuana for medical use in a public place, unless provided by law. Violation of this prohibition shall subject the violator to sanctions as provided by general law.

(8) No person shall extract resins from marijuana using dangerous materials or combustible gases without a medical marijuana-infused products manufacturing facility license. Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty and, if applicable, loss of their identification card, certificate, or license for up to one year.

(9) All qualifying patient cultivation shall take place in an enclosed, locked facility that is equipped with security devices that permit access only by the qualifying patient or by such patient's primary caregiver. Two qualifying patients, who both hold valid qualifying patient cultivation identification cards, may share one enclosed, locked facility. No more than twelve qualifying patient or primary caregiver cultivated flowering marijuana plants may be cultivated in a single, enclosed locked facility, except when a primary caregiver also holds a qualifying patient cultivation identification card, in which case no more than eighteen flowering marijuana plants may be cultivated in a single, enclosed, locked facility.

(10) No medical marijuana cultivation facility, medical marijuana dispensary facility, medical marijuana-infused products manufacturing facility, medical marijuana testing facility, or entity with a transportation certification shall assign, sell, give, lease, sublicense, or otherwise transfer its license or certificate to any other entity without the express consent of the department, not to be unreasonably withheld.

(11) Unless allowed by the local government, no new medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility shall be initially sited within one thousand feet of any then-existing elementary or secondary school, child day-care center, or church. No local

government shall prohibit medical marijuana cultivation facilities, medical marijuana testing facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities, or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana-infused products manufacturing facility, medical marijuana dispensary facility, or entity holding a transportation certification that may operate in such locality. The only local government ordinances or regulations that are binding on a marijuana facility are those of the local government where the marijuana facility is located.

(12) Unless superseded by federal law or an amendment to this Constitution, a physician shall not certify a qualifying condition for a patient by any means other than providing a physician certification for the patient, whether handwritten, electronic, or in another commonly used format. [A qualifying patient must obtain a new physician certification at least annually.]

(13) A physician shall not issue a certification for the medical use of marijuana for a nonemancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. The department shall not issue a qualifying patient identification card on behalf of a nonemancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. Such card shall be issued to one of the parents or guardians and not directly to the patient. Only a parent or guardian may serve as a primary caregiver for a nonemancipated qualifying patient under the age of eighteen. Only the qualifying patient's parent or guardian shall purchase or possess medical marijuana for a nonemancipated qualifying patient under the age of eighteen. A parent or guardian shall supervise the administration of medical marijuana to a nonemancipated qualifying patient under the age of eighteen.

(14) Nothing in this section shall be construed as mandating health insurance coverage of medical marijuana for qualifying patient use.

(15) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for medical use or for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.

8. Severability.

The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.

9. Effective Date.

The provisions of this section shall become effective on December 6, 2018.

Section 2. Marijuana Legalization, Regulation, and Taxation

1. Purpose.

The purpose of this section is to make marijuana legal under state and local law for adults twenty-one years of age or older, and to control the commercial production and distribution of marijuana under a system that licenses, regulates, and taxes the businesses involved while protecting public health. The intent is to prevent arrest and penalty for personal possession and cultivation of limited amounts of marijuana by adults twenty-one years of age or older; remove the commercial production and distribution of marijuana from the illicit market; prevent revenue generated from commerce in marijuana from going to criminal enterprises; prevent the distribution of marijuana to persons under twenty-one years of age; prevent the diversion of marijuana to illicit markets; protect health by ensuring the safety of marijuana and products containing marijuana; and ensure the security of marijuana facilities. To the fullest extent

possible, this section shall be interpreted in accordance with the purpose and intent set forth in this section.

This section is not intended to allow for the public use of marijuana, driving while intoxicated by marijuana, the use of marijuana in the workplace, or the use of marijuana by persons under twenty-one years of age.

2. Definitions.

(1) "Consumer" means a person who is at least twenty-one years of age.

(2) "Department" means the department of health and senior services, or its successor agency.

(3) "Entity" means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) "Flowering plant" means a marijuana plant from the time it exhibits the first signs of sexual maturity through harvest.

(5) "Local government" means, in the case of an incorporated area, a village, town, or city and, in the case of an unincorporated area, a county.

(6) "Marijuana" means *cannabis indica*, *cannabis sativa*, and *cannabis ruderalis*, hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana or cannabis, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" does not include industrial hemp, including any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than three-tenths of one percent on a dry weight basis, or commodities or products manufactured with industrial hemp, or any other ingredient combined with marijuana to prepare topical or oral administrations, food, drink, or other products.

(7) "Marijuana accessories" means any equipment, product, material, or combination of equipment, products, or materials, which is specifically designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, containing, ingesting, inhaling, or otherwise introducing marijuana into the human body.

(8) "Marijuana Cultivation Facility" means an entity licensed by the department to acquire, cultivate, process, store, transport, and sell marijuana to a marijuana dispensary facility, marijuana testing facility, or to a marijuana-infused products manufacturing facility.

(9) "Marijuana Dispensary Facility" means an entity licensed by the department to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and marijuana accessories as provided for in this section to consumers.

(10) "Marijuana Facility" means a marijuana cultivation facility, marijuana dispensary facility, marijuana testing facility, marijuana-infused products manufacturing facility, marijuana microbusiness facility, or any other type of marijuana-related facility or business licensed or certified by the department pursuant to this section.

(11) "Marijuana-Infused Products" means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(12) "Marijuana-Infused Products Manufacturing Facility" means an entity licensed by the department to acquire, store, manufacture, transport, and sell marijuana-infused products to a marijuana dispensary facility, a marijuana testing facility, or to another marijuana-infused products manufacturing facility.

(13) "Marijuana Microbusiness Facility" means an entity licensed to cultivate not more than one hundred and fifty flowering plants, process, store, transport, sell, and package the marijuana it cultivates or that it obtains from another marijuana microbusiness facility, and acquire, store, manufacture, transport, deliver, sell, or otherwise transfer marijuana and marijuana-infused products it cultivates and processes, or that it obtains from other marijuana microbusiness

facilities, to marijuana dispensary facilities, marijuana testing facilities, other marijuana microbusiness facilities, or consumers.

(14) "Marijuana Testing Facility" means an entity certified by the department to acquire, test, certify, and transport marijuana.

(15) "Owner" means an officer, board member, or other individual who has a financial (other than a security interest, lien, or encumbrance) or voting interest in ten percent or greater of a marijuana facility.

(16) "Unduly burdensome" means that the measures necessary to comply with the rules or ordinances adopted pursuant to this section subject licensees or potential licensees to such a high investment of money, time, or any other resource or asset that a reasonably prudent businessperson would not operate the marijuana facility.

3. Limitations.

(1) Except as otherwise provided in this article, this section does not preclude, limit, or affect laws that assign liability relative to, prohibit, or otherwise regulate:

(a) Delivery or distribution of marijuana or marijuana accessories, with or without consideration, to a person younger than twenty-one years of age;

(b) Purchase, possession, use, or transport of marijuana or marijuana accessories by a person younger than twenty-one years of age;

(c) Consumption of marijuana by a person younger than twenty-one years of age;

(d) Operating or being in physical control of any motor vehicle, train, aircraft, motorboat, or other motorized form of transport while intoxicated by marijuana;

(e) Consumption of marijuana while operating or being in physical control of a motor vehicle, train, aircraft, motorboat, or other motorized form of transport while it is being operated;

(f) Smoking marijuana within a motor vehicle, train, aircraft, motorboat, or other motorized form of transport while it is being operated;

(g) Possession or consumption of marijuana or possession of marijuana accessories on the grounds of a public or private preschool, elementary or secondary school, institution of higher education, in a school bus, or on the grounds of any correctional facility;

(h) Smoking marijuana in a location where smoking tobacco is prohibited;

(i) Consumption of marijuana in a public place, other than in an area licensed by the department for consumption;

(j) Conduct that endangers others;

(k) Undertaking any task while under the influence of marijuana, if doing so would constitute negligence or professional malpractice; or

(l) Performing solvent-based extractions on marijuana using solvents other than water, glycerin, propylene glycol, vegetable oil, or food-grade ethanol, unless licensed for this activity by the department.

(2) This section does not limit any privileges, rights, immunities, or defenses of a person or entity as provided in section 1 of this article, or any other law of this state allowing for or regulating marijuana for medical use.

(3) This section does not require an employer to permit or accommodate conduct otherwise allowed by this section in any workplace or on the employer's property. This section does not prohibit an employer from disciplining an employee for violation of a workplace drug policy or for working while intoxicated by marijuana. This section does not prevent an employer from refusing to hire, discharging, disciplining, or otherwise taking an adverse employment action

against a person with respect to hire, tenure, terms, conditions, or privileges of employment because of that person's violation of a workplace drug policy or because that person was working while intoxicated by marijuana.

(4) This section allows a person to prohibit or otherwise regulate the consumption, cultivation, distribution, processing, sale, or display of marijuana, marijuana-infused products, and marijuana accessories on private property the person owns, leases, occupies, or manages, except that a lease agreement executed after the enactment of this section may not prohibit a tenant from lawfully possessing and consuming marijuana by means other than smoking.

4. Regulation of Marijuana.

(1) In carrying out the implementation of this section, the department shall have the authority to:

(a) Grant or refuse state licenses for the cultivation, manufacture, dispensing, and sale of marijuana as provided by law; suspend, fine, restrict, or revoke such licenses upon a violation of this section or a rule promulgated pursuant to this section; and impose any reasonable administrative penalty authorized by this section or any rule promulgated pursuant to this section;

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana and for the enforcement of this section so long as such rules are reasonable and not unduly burdensome;

(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section;

(d) Require a seed-to-sale tracking system that tracks marijuana from either the seed or immature plant stage until the marijuana or marijuana-infused product is sold to a consumer to ensure that no marijuana grown by a marijuana cultivation facility or marijuana microbusiness facility or manufactured by a marijuana-infused products manufacturing facility or marijuana microbusiness facility is sold or otherwise transferred to a consumer except by a marijuana dispensary facility or a marijuana microbusiness facility. The department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees;

(e) Issue standards for the secure transportation of marijuana and marijuana-infused products. The department shall certify entities that demonstrate compliance with its transportation standards to transport marijuana and marijuana-infused products to a marijuana cultivation facility, marijuana-infused products manufacturing facility, marijuana dispensary facility, marijuana microbusiness facility, marijuana testing facility, or another entity with a transportation certification. The department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity licensed or certified pursuant to this section shall be allowed to transport its own inventory and products in compliance with department transportation rules;

(f) Promulgate rules and emergency rules specific to the licensing, regulation, and oversight of marijuana microbusiness facilities;

(g) Provide for the issuance of additional types or classes of licenses to operate marijuana-related businesses that allow for only limited processing, transportation, delivery, or storage of marijuana, licenses that allow for the consumption of marijuana within designated, age-restricted areas, and licenses intended to facilitate scientific research or education;

(h) Prepare and transmit annually a publicly available report accounting to the governor, the general assembly, and the public for the efficient discharge of all responsibilities assigned to the department under this section;

(i) Establish a system to numerically score competing marijuana license and certificate applicants, including marijuana microbusiness applicants, only in cases where more applicants apply than the number of licenses available, in which scoring shall be limited to an analysis of the following:

(i) The character, veracity, background, qualifications, and relevant experience of principal officers or managers;

(ii) The business plan proposed by the applicant, which in the case of cultivation facilities and dispensaries shall include the ability to maintain an adequate supply of marijuana, and for all facilities shall include procedures to be used to prevent product diversion;

(iii) Site security;

(iv) In the case of licenses other than the microbusiness license, testing certification, or transport certification, experience as an owner or employee of a Missouri marijuana microbusiness facility;

(v) In the case of marijuana testing facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and potency and health care industry experience;

(vi) The potential for positive economic impact in the site community;

(vii) In the case of marijuana cultivation facilities and marijuana microbusiness facilities, capacity or experience with agriculture and horticulture;

(viii) In the case of marijuana dispensary facilities, the suitability of the proposed location for consumer access, and experience as an owner or employee of a Missouri marijuana dispensary facility or Missouri medical marijuana dispensary facility;

(ix) In the case of marijuana-infused products manufacturing facilities, capacity or experience with food and beverage manufacturing or manufacturing marijuana-infused products;

(x) Maintaining competitiveness in the marijuana marketplace; and

(xi) Whether there is an over-concentration of marijuana facilities within the boundaries of any particular local government.

(j) In ranking applicants and awarding licenses and certificates, the department may consult or contract with other public agencies with relevant expertise regarding these factors.

(2) The department shall issue, at a minimum, the same number of marijuana cultivation facility licenses as are issued for medical marijuana cultivation facilities under section 1 of this article, the same number of marijuana-infused products manufacturing facility licenses as are issued for medical marijuana-infused products manufacturing facilities under section 1, the same number of marijuana dispensary facility licenses with the same congressional distribution requirements as are issued to medical marijuana dispensary facilities under section 1, in addition to the minimum number of marijuana microbusiness licenses as are required under this section. The department may lift or ease any limit on the number of licensees or certificate holders in order to meet the demand for marijuana by consumers in the state and to ensure a competitive market while also preventing an over-concentration of marijuana facilities within the boundaries of any particular local government.

(3) If marijuana cultivation facility licenses, marijuana-infused products manufacturing facility licenses, or marijuana dispensary facility licenses become available so that the number of total licenses in any respective category falls below the minimum required under this article, section, and subsection, the department shall award at least fifty percent of new licenses available to satisfy the minimum requirement to applicants who are:

(a) Owners of a marijuana microbusiness facility that has been in operation for at least one year and is in good standing with the department;

(b) At least fifty percent owned by natural persons who qualified as economically disadvantaged owners or disabled veterans at the time they applied for and received the marijuana microbusiness facility license; and

(c) Otherwise qualified for the license.

(4) The department may issue any rules or emergency rules necessary for the implementation and enforcement of this section and to ensure the right to, availability, and safe use of marijuana by consumers. In developing such rules or emergency rules, the department may consult or contract with other public agencies. In addition to any other rules or emergency rules necessary to carry out the mandates of this section, the department shall issue rules or emergency rules relating to the following subjects:

(a) Procedures for issuing a license and for renewing, suspending, and revoking a license;

(b) Qualifications for licensure that are directly and demonstrably related to the operation of a marijuana facility;

(c) Requirements and standards for safe cultivation, processing, and distribution of marijuana and marijuana-infused products by marijuana facilities, including health standards to ensure the safe preparation of marijuana-infused products and prohibitions on pesticides that are not safe for use on marijuana;

(d) Testing, packaging, and labeling standards, procedures, and requirements for marijuana and marijuana-infused products and a requirement that a representative sample of marijuana be tested by a marijuana testing facility to ensure public health;

(e) Labeling standards that protect public health by requiring the listing of pharmacologically active ingredients, including, but not limited to, tetrahydrocannabinol (THC), cannabidiol (CBD), and other cannabinoid content, the THC and other cannabinoid amount in milligrams per serving, the number of servings per package, and quantity limits per sale to comply with the allowable possession amount;

(f) Requirements that packaging and labels shall not be made to be attractive to children, required warning labels, and that marijuana and marijuana-infused products be sold in resealable, child-resistant packaging to protect public health;

(g) Security requirements, including lighting, physical security, and alarm requirements, and requirements for securely transporting marijuana between marijuana facilities;

(h) Record keeping requirements for marijuana facilities and monitoring requirements to track the transfer of marijuana by licensees;

(i) Restrictions on advertising, marketing, and display of marijuana, marijuana-infused products, marijuana accessories, and marijuana facilities;

(j) A plan to promote and encourage ownership and employment in the marijuana industry by people from political subdivisions and districts that are economically distressed and to positively impact those political subdivisions and districts;

(k) Administrative penalties for failure to comply with any rule promulgated pursuant to this section or for any violation of rules and regulations adopted pursuant to this section by a licensee, including administrative fines and suspension, revocation, or restriction of a license. The licensee may choose to challenge any penalties imposed by the department through the Administrative Hearing Commission, or its successor entity. Pursuant to § 536.100 R.S.Mo., or successor provisions, any licensee who has exhausted all administrative remedies provided by law and who is aggrieved by a final decision in a contested case is entitled to judicial review;

(l) Reporting and transmittal of tax payments required under this section;

(m) Authorization for the department of revenue to have access to licensing information to ensure tax payment and the effective administration of this section; and

(n) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(5) The department shall issue rules or emergency rules for marijuana and marijuana-infused products independent testing and certification program for marijuana facility licensees and requiring licensees to test marijuana using one or more impartial, independent laboratory or laboratories to ensure, at a minimum, correct labeling, potency measurement, and that products sold for human consumption do not contain contaminants that are potentially injurious to public health.

(6) The department shall issue rules or emergency rules to provide for the certification of and standards for marijuana testing facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The department shall certify, if possible, at least two entities as marijuana testing facilities. No marijuana testing facility shall be owned by an entity under substantially common control, ownership, or management as a marijuana cultivation facility, marijuana-infused products manufacturing facility, marijuana microbusiness facility, or marijuana dispensary facility.

(7) All public records produced or retained pursuant to this section are subject to the general provisions of the Missouri Sunshine Law, as amended from time to time. Notwithstanding the foregoing, public records containing proprietary business information obtained from an applicant or licensee are subject to closure. The applicant or licensee shall label business information it believes to be proprietary prior to submitting it to the department. Proprietary business information shall include sales information, financial records, tax returns, credit reports, cultivation information unrelated to product safety, testing results unrelated to product safety, site security information and plans, and individualized consumer information. The presence of proprietary business information shall not justify the closure of public records:

(a) Identifying the applicant or licensee;

(b) Relating to any citation, notice of violation, tax delinquency, or other enforcement action;

(c) Relating to any public official's support or opposition relative to any applicant, licensee, or their proposed or actual operations;

(d) Where disclosure is reasonably necessary for the protection of public health or safety; or

(e) That are otherwise subject to public inspection under applicable law.

(8) Within two hundred and seventy days of the effective date of this section, the department shall make available to the public license application forms and application instructions for marijuana cultivation facilities, marijuana testing facilities, marijuana dispensary facilities, marijuana microbusiness facilities, marijuana-infused products manufacturing facilities, and any other license types and certifications it deems necessary.

(9) An entity may apply to the department for and obtain one or more licenses to grow marijuana as a marijuana cultivation facility. Each facility in operation shall require a separate license, but multiple licenses may be utilized in a single facility. Each indoor facility utilizing artificial lighting may be limited by the department to thirty thousand square feet of flowering plant canopy space. Each outdoor facility utilizing natural lighting may be limited by the department to two thousand eight hundred flowering plants. Each greenhouse facility using a combination of natural and artificial lighting may be limited by the department, at the election of the licensee, to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of twelve thousand dollars per license application or renewal for all applicants filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of five thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of twenty-five thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the

percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than three marijuana cultivation facility licenses.

(10) An entity may apply to the department for and obtain one or more licenses to operate a marijuana dispensary facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of seven thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than five marijuana dispensary facility licenses.

(11) An entity may apply to the department for and obtain one or more licenses to operate a marijuana-infused products manufacturing facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of seven thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than three marijuana-infused products manufacturing facility licenses.

(12) An entity may apply to the department for and obtain only one license to operate a marijuana microbusiness facility. A marijuana microbusiness facility license shall allow the licensee to be vertically integrated. A marijuana microbusiness facility licensee may engage in all of the activities allowed under the license or it may apply for and engage in a subset of the activities allowed, if the applicant or license holder so chooses. A marijuana microbusiness facility licensee may sell marijuana it cultivates, processes, manufactures, and packages to any marijuana dispensary facility, any other marijuana microbusiness facility, or directly to consumers. A marijuana microbusiness facility may also process, manufacture, and sell to consumers marijuana and marijuana-infused products it obtains from another marijuana microbusiness facility. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of one thousand five hundred dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of two thousand five hundred dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of two thousand five hundred dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than one marijuana microbusiness facility license. An owner of a marijuana microbusiness facility may not also be an owner of another licensed marijuana facility or medical marijuana facility regulated under this article. However, the owner of a marijuana microbusiness facility may apply for a license or licenses for other marijuana or medical marijuana facilities under this article. If granted one or more of these licenses, the marijuana microbusiness facility owner may transition to other licensed operations on a reasonably practical timetable established by the department. In addition to other requirements established by this section, a marijuana microbusiness facility must be majority-owned by natural persons who have been residents of the state of Missouri for at least one year prior to the application for such license. The majority owner or owners must be economically disadvantaged persons, as defined by the department, or disabled veterans, as defined by the department.

(13) The department may restrict the aggregate number of licenses granted for marijuana microbusiness facilities, provided, however, that the number may not be limited to fewer than the following number of licenses in each United States congressional district in the state of Missouri pursuant to the map of each of the eight congressional districts as drawn and effective on December 6, 2018:

(a) Six, once the department begins issuing licenses for marijuana facilities under this subsection;

(b) An additional six following the first two hundred and seventy days after the department begins issuing licenses for marijuana facilities under this subsection; and

(c) An additional six after the first five hundred and forty-eight days after the department begins issuing licenses for marijuana facilities under this subsection, but only after the department conducts an analysis and determines that there is a market for additional microbusiness licenses.

Future changes to the boundaries or the number of congressional districts shall have no impact.

(14) The department shall begin accepting license and certification applications for marijuana dispensary facilities, marijuana testing facilities, marijuana cultivation facilities, marijuana-infused products manufacturing facilities, marijuana microbusiness facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than three hundred and sixty-five days after the effective date of this section. Applications for licenses under this section shall be approved or denied by the department no later than one hundred eighty days after their submission. If the department fails to carry out its non-discretionary duty to approve or deny an application within one hundred eighty days of submission, an applicant may immediately seek a court order compelling the department to approve or deny the application.

(15) With the exception of microbusiness licenses, and consistent with any limitations set forth in this section, for the first five hundred and forty-eight days after the department begins issuing licenses for marijuana facilities, the department may only issue a license:

(a) For a marijuana cultivation facility to an entity holding a medical marijuana cultivation facility license issued pursuant to section 1 of this article seeking licensure to operate a marijuana cultivation facility at the same location;

(b) For a marijuana dispensary facility to an entity holding a medical marijuana dispensary facility license issued pursuant to section 1 of this article seeking licensure to operate a marijuana dispensary facility at the same location;

(c) For a marijuana-infused products manufacturing facility to an entity holding a medical marijuana-infused products manufacturing facility license issued pursuant to section 1 of this article seeking licensure to operate a marijuana-infused products manufacturing facility at the same location; and

(d) For a marijuana testing facility to an entity holding a medical marijuana testing facility license issued pursuant to section 1 of this article seeking licensure to operate a marijuana testing facility at the same location.

(16) The department shall issue a license to each applicant for a marijuana facility pursuant to subdivision (15) of this subsection if the applicant is in good standing with the department and has reasonably complied with this article and all of the rules and regulations promulgated pursuant to this article.

(17) A prospective applicant for a license pursuant to subdivision (15) shall notify the department of their intent to apply and prefile their application fee with the department by February 1, 2021.

(18) Notwithstanding the provisions of section 1 of this article, if an existing medical marijuana dispensary facility is located in a jurisdiction that prohibits marijuana dispensary facilities under this section, or is otherwise prevented from operating a marijuana dispensary facility at the same location as the existing medical marijuana dispensary facility, the medical marijuana dispensary

facility may apply to the department for a marijuana dispensary license pursuant to subdivision (15) of this subsection in a new location, and such application shall be granted so long as the applicant meets all the requirements of this section and department regulation. If an existing medical marijuana dispensary facility is located in a jurisdiction that temporarily prohibits non-medical retail marijuana facilities prior to November 3, 2020, and the medical marijuana dispensary facility does not apply to open a marijuana dispensary facility in a new location, the medical marijuana dispensary facility may apply to the department for a marijuana dispensary facility license after November 3, 2020, and if the temporary prohibition is not permanently enacted, such application shall be granted, so long as the applicant meets all the requirements of this section and department regulation.

(19) Notwithstanding the provisions of section 1 of this article, three years after receiving a marijuana dispensary facility license pursuant to subdivision (15), a marijuana dispensary facility may apply to the department for permission to relocate the marijuana dispensary facility to a new location.

(20) Notwithstanding the provisions of section 1 of this article, for the first five hundred and forty-eight days after the department begins issuing licenses for marijuana facilities under this section, the department shall issue licenses for marijuana microbusiness facilities to qualified applicants consistent with the qualifications and limitations set forth in this section.

(21) Notwithstanding the provisions of section 1 of this article, a medical marijuana cultivation facility that is issued a marijuana cultivation facility license pursuant to subdivision (15) of this subsection is limited under both licenses to a total of two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy space. An entity issued a license pursuant to subdivision (15) of this subsection may sell marijuana to medical marijuana facilities and marijuana facilities so long as the entity has both a medical marijuana cultivation facility license and a marijuana cultivation facility license consistent with any limitations set forth in this article or department regulation.

(22) In addition to the foregoing, the department shall not issue a non-medical license pursuant to this section to a medical marijuana cultivation facility, medical marijuana-infused products manufacturing facility, or medical marijuana dispensary facility, if the department determines that doing so will limit or restrict access by qualifying patients, as defined in section 1 of this article, to an adequate supply of marijuana and marijuana-infused products at a reasonable cost.

(23) The department may not promulgate a rule prohibiting a marijuana facility from operating at the same location as a medical marijuana facility of the same license type operating pursuant to section 1 of this article.

(24) Marijuana facilities licensed to distribute marijuana, marijuana-infused products, and marijuana accessories directly to consumers pursuant to this section may also distribute marijuana, marijuana-infused products, and marijuana accessories to qualifying patients and primary caregivers consistent with section 1 of this article and department regulation.

(25) The department may charge a fee not to exceed five thousand dollars for any certification issued pursuant to this section.

(26) Until such time that federal law permits otherwise, all marijuana sold in Missouri pursuant to this article shall be cultivated in Missouri. If allowed by federal law, marijuana may be exported from Missouri in accordance with department regulations. If allowed by federal law, the department may promulgate rules related to the import and export of marijuana and shall promulgate a rule requiring that all marijuana flower imported into Missouri be tested by a marijuana testing facility located in Missouri and comply with Missouri testing standards.

(27) Until such time that federal law permits otherwise, all marijuana-infused products sold in Missouri pursuant to this article shall be manufactured in Missouri. If allowed by federal law, marijuana-infused products may be exported from Missouri in accordance with department regulations. If allowed by federal law, the department may promulgate rules related to the import and export of marijuana-infused products.

(28) The denial of a license or license renewal by the department shall be appealable. The applicant may choose to challenge any denial by the department through the Administrative Hearing

Commission, or successor entity. Pursuant to § 536.100 R.S.Mo., or successor provisions, any licensee who has exhausted all administrative remedies provided by law and who is aggrieved by a final decision in a contested case is entitled to judicial review.

(29) No elected official shall interfere directly or indirectly with the department's obligations and activities under this section.

(30) To minimize the potential for undue political influence in awarding licenses, the department shall review license applications using reasonable safeguards that ensure the identity of the applicant and its principal owners, officers, and managers are not identified to the application scorers.

(31) The department shall have the sole authority within the state of Missouri to issue licenses for marijuana facilities and certifications pursuant to this section.

(32) The department shall not have the authority to promulgate, apply, or enforce any rule or regulation that is unduly burdensome or act to undermine the purposes of this section.

5. Local Control.

(1) Except as provided in this subsection, a local government may prohibit the operation of all non-medical retail marijuana facilities regulated under this section from being located within its jurisdiction through voter approval of a ballot question submitted to the qualified voters of the local government, provided that any ballot measure shall be voted on only during the regularly scheduled general election held on the first Tuesday after the first Monday in November of an even-numbered year starting in 2022, thereby avoiding any additional local governmental cost or expense. Until the first general election following the general election held November 3, 2020, a local government may through local ordinance temporarily prohibit non-medical retail marijuana facilities regulated under this section from being located within its jurisdiction. When a ballot question prohibiting non-medical retail marijuana facilities regulated under this section is submitted to voters, the following question shall be presented to the voters in the area subject to the prohibition, "Shall (insert name of local government) ban all non-medical retail marijuana facilities from being located within (insert name of local government and, where applicable, its "unincorporated areas") and forgo any additional related local tax revenue? ( ) Yes ( ) No." If a majority of the votes cast on the question by the qualified voters voting thereon are in favor of the question, then the ban shall go into effect as provided by law. If a question receives less than the required majority, then the jurisdiction shall have no power to ban new non-medical retail marijuana facilities regulated under this section, unless voters at a subsequent election on the first Tuesday after the first Monday in November of an even-numbered year approve a ban on new non-medical retail marijuana facilities submitted to them by the governing body. A local government may repeal an existing ban by its own ordinance or by a vote of the people, either through referral of a ballot question to the voters by the governing body or through citizen petition. In the case of a referral of a ballot question by the governing body or citizen's petition to repeal an existing ban, the question shall be voted on only during the regularly scheduled general election held on the first Tuesday after the first Monday in November of an even-numbered year. A citizen's petition to repeal an existing ban shall be signed by at least five percent of the qualified voters in the area subject to the ban, determined on the basis of the number of votes cast for governor in such locale at the last gubernatorial election held prior to the filing of the petition. The local government shall count the petition signatures and give legal notice of the election as provided by applicable law. Denial of ballot access shall be subject to judicial review. Whether submitted by the governing body or by citizen's petition, the question shall be submitted in the following form: "Shall (insert name of local government) allow non-medical retail marijuana facilities to be located within (insert name of local government and where applicable, its "unincorporated areas") as regulated by state law? ( ) Yes ( ) No." If a majority of the votes cast on the question by the qualified voters voting thereon are in favor of the question, then the ban shall be repealed.

(2) Unless allowed by the local government, no new marijuana facility shall be initially sited within one thousand feet of any then-existing elementary or secondary school, child day-care center, or church. The only local government ordinances and regulations that are binding on a marijuana facility are those of the local government where the marijuana facility is located. Except as otherwise provided in this subsection, no local government shall prohibit marijuana

facilities or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a marijuana facility or entity holding a transportation certification that may operate in such locality.

6. Taxation and Reporting.

(1) A tax shall be levied upon the retail sale of non-medical marijuana sold to consumers at marijuana facilities licensed pursuant to this section within the state. The tax shall be at a rate of fifteen percent of the retail price. The tax shall be collected by each licensed non-medical retail marijuana facility and paid to the department of revenue. After retaining no more than two percent of the total tax collected or its actual collection costs, whichever is less, amounts generated by the tax levied in this section shall be deposited by the department of revenue into the "Veterans, Infrastructure, and Health Fund" created under this subsection. Licensed entities making non-medical retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Veterans, Infrastructure, and Health Fund" which shall consist of taxes and fees collected under this section. The state treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The commissioner of administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall be distributed as follows:

(a) First, to the department, an amount necessary for the department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section;

(b) Next, distributed to the local government where the retail sale occurred, three-fifteenths of the remaining fund balance.

(c) After the distribution to the local government where the retail sale occurred, the remaining fund balance shall be distributed in thirds as follows:

(i) One-third of the remainder of the fund balance shall be transferred to the Missouri veterans commission and allied state agencies, as determined by appropriation, exclusively for health care and other services for military veterans and their dependent families;

(ii) One-third of the remainder of the fund balance to the State Road Fund created under article IV, section 30b of this Constitution for constructing and maintaining an adequate system of connected state highways; and

(iii) One-third of the remainder of the fund balance to the department to provide grants to existing agencies and not-for-profit organizations, whether government or community-based, to increase access to evidence-based low-barrier drug addiction treatment, prioritizing medically proven treatment and overdose prevention and reversal methods and public or private treatment options with an emphasis on reintegrating recipients into their local communities, to support overdose prevention education, and to support job placement, housing, and counseling for those with substance use disorders. Agencies and organizations serving populations with the highest rates of drug-related overdose shall be prioritized to receive the grants.

(d) All monies from the taxes and fees authorized hereunder shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana, a record shall be kept by the seller of all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected, and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the department and the department of revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from and in addition to any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana.

(6) The fees and taxes provided for in this section shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

7. Additional Protections.

(1) A marijuana testing facility shall not be subject to civil or criminal prosecution, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(2) An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to any person related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(3) Actions and conduct by marijuana facilities licensed or otherwise certified by the department, or their employees or agents, as permitted by this section and in compliance with department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

(4) The department may not promulgate a rule that requires a consumer to provide a marijuana facility with identifying information other than identification to determine the consumer's age.

(5) It is the public policy of the state of Missouri that contracts related to marijuana that are entered into by marijuana facilities and those who allow property to be used by those entities should be enforceable. It is the public policy of the state of Missouri that no contract entered into by marijuana facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to marijuana may be prohibited by federal law.

8. Legislation.

Nothing in this section shall limit the general assembly from enacting laws consistent with the purposes of this section.

9. Additional Provisions.

(1) No owner of a marijuana facility or entity with a transportation certification shall be an individual with a disqualifying felony offense. A "disqualifying felony offense" is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the department determines that:

(a) The person's conviction was for a marijuana offense, other than provision of marijuana to a minor; or

(b) The person's conviction was for a non-violent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses.

The department may consult with and rely on the records, advice, and recommendations of the attorney general and the department of public safety, or their successor entities, in carrying out the provisions of this subdivision.

(2) All marijuana facilities and certificates shall be held by entities that are majority owned, directly or indirectly, by natural persons who have been residents of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, persons or entities outside the state of Missouri may own a minority stake, directly or indirectly, in such entities. By rule, the department may adjust the percentage of ownership required by residents of the state of Missouri. Owners licensed pursuant to this section shall submit fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol, if necessary, shall forward the fingerprints to the Federal Bureau of Investigation (FBI) for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted pursuant to § 43.543 R.S.Mo., or successor provisions, and fees shall be paid pursuant to § 43.530 R.S.Mo., or successor provisions.

(3) No marijuana facility shall manufacture, package, or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between marijuana or a marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional department sanction, up to and including loss of license.

(4) No marijuana facility may sell edible marijuana-infused candy in shapes or packages that are attractive to children or that are easily confused with commercially sold candy that does not contain marijuana.

(5) All marijuana and marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with serving amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled, as mandated by the department, as containing "Marijuana" or a "Marijuana-Infused Product." Violation of this subdivision shall subject the violator to department sanctions, including an administrative penalty.

(6) A marijuana facility may not allow cultivation, manufacturing, sale, or display of marijuana, marijuana-infused products, or marijuana accessories to be visible from a public place outside of the marijuana facility without the use of binoculars, aircraft, or other optical aids.

(7) A marijuana facility may not cultivate, manufacture, test, sell, or store marijuana at any location other than a physical address approved by the department and within an enclosed area that is secured in a manner that prevents access by persons not permitted by the marijuana facility to access the area.

(8) A marijuana facility shall secure every entrance to the facility so that access to areas containing marijuana is restricted to employees and other persons permitted by the marijuana facility to access the area and to agents of the department or state and local law enforcement officers and emergency personnel and shall secure its inventory and equipment during and after operating hours to deter and prevent theft of marijuana, marijuana-infused products, and marijuana accessories.

(9) No marijuana facility may refuse representatives of the department the right to inspect the licensed premises or to audit the books and records of the marijuana facility. A facility that holds licenses issued under sections 1 and 2 of this article shall comply with inspection regulations and standards issued pursuant to both sections.

(10) No marijuana facility may allow a person under twenty-one years of age to volunteer or work for the marijuana facility, unless permitted by department regulation.

(11) No marijuana facility, or entity with a certification, shall assign, sell, give, lease, sublicense, or otherwise transfer its license or certificate to any other entity without the express consent of the department, not to be unreasonably withheld.

(12) To the fullest extent allowed by the Constitution of the United States, the Constitution of Missouri, and federal law, no unsolicited internet pop-up advertisements, banners on mass-market websites, unsolicited leaflets or handbills, or unsolicited direct mail advertisements for marijuana, marijuana-infused products, or marijuana accessories are permitted, and no off-site advertisement or marketing for marijuana, marijuana-infused products, or marijuana accessories may be placed on any billboard within the state or in any location exposed to view from a public place within one thousand feet of an elementary or secondary school, child daycare center, or church.

(13) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.

(14) No person shall extract resins from marijuana using dangerous materials or combustible gases without a marijuana-infused products manufacturing facility license or a marijuana microbusiness license that allows for this activity. Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty and, if applicable, loss of certificate or license for up to one year.

10. Personal Use of Marijuana.

(1) Subject to the limitations in subsection 3 of this section, the following acts by a person at least twenty-one years of age are not unlawful and shall not be an offense under state law or the laws of any local government within the state or be a basis to impose a civil fine, penalty, or sanction, or be a basis to detain, search, or arrest, or otherwise deny any right or privilege, or to seize or forfeit assets under state law or the laws of any local government:

(a) Possessing, using, ingesting, inhaling, processing, transporting, delivering without consideration, or distributing without consideration one ounce or less of marijuana, except that not more than the equivalent of one ounce of marijuana, as determined by the department, may be in a concentrated form;

(b) Possessing, planting, cultivating, harvesting, drying, processing, or manufacturing one-half the number of plants a qualifying patient is permitted to cultivate pursuant to section 1 of this article and department regulation, provided:

a. The plants and any marijuana produced by the plants in excess of one ounce are kept at one private residence, are in a locked space, and are not visible by normal, unaided vision from a public place; and
b. Not more than twice the number of allowable plants under paragraph (b) of this subdivision are kept in or on the grounds of a private residence at one time.

(c) Assisting another person who is at least twenty-one years of age in, or allowing property to be used for, any of the acts permitted by this section; and

(d) Possessing, using, delivering, distributing, manufacturing, transferring, or selling to persons twenty-one years of age or older marijuana accessories.

(2) A person who, pursuant to this section, cultivates marijuana plants that are visible by normal, unaided vision from a public place is subject to a civil penalty not exceeding two hundred and fifty dollars and forfeiture of the marijuana.

(3) A person who, pursuant to this section, cultivates marijuana plants that are not kept in a locked space is subject to a civil penalty not exceeding two hundred and fifty dollars and forfeiture of the marijuana.

(4) A person who smokes marijuana in a public place, other than in an area licensed for such activity by the department, is subject to a civil penalty not exceeding one hundred dollars.

(5) A person who is under twenty-one years of age who possesses, uses, ingests, inhales, transports, delivers without consideration or distributes without consideration one ounce or less of marijuana, or possesses, delivers without consideration, or distributes without consideration marijuana accessories is subject to a civil penalty not to exceed one hundred dollars and

forfeiture of the marijuana. Any such person shall be provided the option of attending up to four hours of drug education or counseling in lieu of the fine.

(6) Subject to the limitations of this section, a person who possesses not more than twice the amount of marijuana allowed pursuant to this subsection, produces not more than twice the amount of marijuana allowed pursuant to this subsection, delivers without receiving any consideration or remuneration to a person who is at least twenty-one years of age not more than twice the amount of marijuana allowed by this subsection, or possesses with intent to deliver not more than twice the amount of marijuana allowed by this subsection:

(a) For a first violation, is subject to an infraction punishable by a civil penalty not exceeding two hundred and fifty dollars and forfeiture of the marijuana;

(b) For a second violation, is subject to an infraction punishable by a civil penalty not exceeding five hundred dollars and forfeiture of the marijuana;

(c) For a third or subsequent violation, is subject to a misdemeanor punishable by a fine not exceeding one-thousand dollars and forfeiture of the marijuana; and

(d) For a person under twenty-one years of age, is subject to a civil penalty not to exceed two hundred and fifty dollars. Any such person shall be provided the option of attending up to eight hours of drug education or counseling in lieu of the fine.

(7) Any person currently serving a sentence for a conviction, whether by trial or open or negotiated plea, who would not have been guilty of an adult or juvenile offense, or who would have been guilty of a lesser adult or juvenile offense had sections 1 and 2 of this article been in effect at the time of the offense, may petition for a recall or dismissal of sentence before the trial court that entered the judgement of conviction in the person's case to request resentencing or dismissal consistent with sections 1 and 2 of this article with credit for time and supervision period already served and such petition shall be granted.

(8) A person arrested, charged, or found guilty, whether by trial or open or negotiated plea, for any offense that is no longer a crime after the effective dates of sections 1 and 2 of this article may apply for expungement upon the effective date of this section and such expungement shall be granted and the records expunged from all government records absent good cause for denial. The effect of such order shall be to restore such person to the status the person occupied prior to such arrest, plea or conviction and as if such event had never taken place. No person for whom such order has been entered shall be held thereafter under any provision of any law to be guilty of perjury or otherwise giving a false statement by reason of the person's failure to recite or acknowledge such arrest, plea, trial, conviction, or expungement in response to any inquiry made of the person for any purpose whatsoever, and no such inquiry shall be made for information relating to an expungement.

(9) A person shall not be denied adoption, custody, or visitation rights relative to a minor solely for conduct that is permitted by this section, unless the person's behavior is such that granting the rights is not in the best interests of the child, as determined by other applicable law and procedures.

(10) No person shall be denied access to or priority for an organ transplant for conduct that is permitted by this section.

11. Severability.

The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.

12. Effective Date.

The provisions of this section shall become effective on December 3, 2020, as provided by this Constitution.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-126)

Subject

Initiative petition from Deirdre Hirner regarding a proposed constitutional amendment to Article XIV of the Constitution of Missouri. (Received October 21, 2019)

Date

November 8, 2019

Description

This proposal would amend Article XIV of the Constitution of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Missouri Veterans Commission, Missouri Office of Prosecution Services, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern**

State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, and **Truman State University.**

Mark R. Reading provided information to the State Auditor's office.

David R. Usher provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may be required to request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated a total estimated net effect on all state funds of $0 for fiscal year 2020, $0 for fiscal year 2021, and $0 for fiscal year 2022.

Officials from the **Department of Health and Senior Services** indicated increased operating costs to the Veterans Infrastructure and Health Fund of $1,605,331 in fiscal year 2021, $5,541,694 in fiscal year 2022, and $14,219,361 in fiscal year 2023. Of these costs, $77,049 are one-time costs in fiscal year 2021 for office furniture and equipment, $508,624 are one-time costs in fiscal year 2022 for office furniture, equipment, and application scoring costs, and $6,483,964 are one-time costs in fiscal year 2023 for office furniture, equipment, contracted attorney fees, and application scoring costs.

Space for thirty-nine additional staff will be required by fiscal year (FY) 2023: 39 full-time employees (FTE) x 230 sq. ft. x &18.00 = $161,460. These staff will be located in Jefferson City. An additional thirty FTE are assumed to be telecommuters.

This will create new small business opportunities and all the costs associated with a new business, along with the associated licensing fees.

At the time of submission Office of Administration - Information Technology Services Division (ITSD) had not provided a response.

The proposed legislation amends Section 1 of Article XIV and enacts one new section to be known as Section 2 of Article XIV regarding adult use marijuana legalization, regulation, and taxation. The new law stipulates the minimum number of facilities to be

licensed and the application and operation fees associated with each type of facility. It is assumed sales of marijuana will begin in FY 2023, increasing state revenue through the collection of a fifteen percent sales tax levied on the retail sale of adult use marijuana sold to consumers.

Office of General Counsel:

The proposed changes to this legislation will require the Department of Health and Senior Services to aid the program in building all the rules, pre-licensing, preparing required forms, and litigation on any legal challenges for denial of licenses through the Missouri court system. Based on our experience with medical marijuana facility license applications, we assume a similar number of facility license applications will be received for potentially even fewer available licenses. To defend the denial of an estimated 2,000 licenses, the department will temporarily contract with attorneys and support staff for a period of approximately 18 – 24 months. The total estimated amount of these contracts is $5,300,000. In addition, the department would require the following staff:

Three full-time attorneys (average annual salary of $75,000) would be needed to assist in reviewing records and defending the department in anticipated trials from denied licenses due to the limited number allowed to be issued. Two Attorneys would be needed for fiscal year 2021 with a third FTE Attorney added in fiscal year 2022, and maintaining the three Attorneys for the third year of fiscal year 2023.
Additional duties include:

- Reviewing requests for records (sunshine and/or subpoenas)
- Coordinating and advising with Medical Marijuana staff to determine whether the Department has records responsive to requests
- Review of individual records
- Determining appropriate response
- Responding to requestor
- Drafting/filing motions to quash subpoenas when necessary
- Possible referrals to AGO
- Representing the department in any court room activities resulting from this change in legislation

In addition, one support staff would be required to assist the three attorneys in the paperwork required for these court cases.

For the purposes of this fiscal note, they assumed temporary contracts would be necessary for attorneys, paralegals, and support staff to defend the denial of an estimated 2,000 licenses. The length of these contracts is estimated for a period of approximately 18 – 24 months, at an estimated total cost of $5,300,000, to cover any litigation associated with these denials. The three full-time attorneys and one support staff needed to handle the on-going costs of this proposed legislation would indeed be on-going with no estimate of any end date. Within the parameters of the assumptions used for this response, at this time, there are no other anticipated temporary or other costs for this proposed legislation from the Office of General Counsel.

Division of Regulation and Licensure (DRL):

Section 1 of Article XIV includes minor changes that will cause some adjustment to the operations of the Section for Medical Marijuana (SMMR), but those changes have no fiscal impact. Section 2 of Article XIV requires creation of a new program for the regulation of adult use marijuana. This new program will share some employees and resources with the current SMMR. For purposes of this fiscal note, the new, combined program will be called the Section for Marijuana Regulation (SMR).

Section 2 of Article XIV requires implementation of adult use marijuana in several phases over the course of three years. Much of the regulatory structure mandated in Section 2 mirrors that in Section 1; thus, some efficiencies can be captured by merging this new program with the existing SMMR. However, the regulations and businesses to be licensed for the new program are different enough from the SMMR regulations and businesses that some functions, particularly on the compliance side, will need to be expanded significantly. Furthermore, assuming similar licensing functions for the new program (initial applications with applications for changes to businesses following licensure), the licensing needs of the new program will double those of the existing program as several waves of new licensing processes will occur at regular intervals, including for a new class of marijuana businesses. With each new wave, facility agent application processing will increase.

In addition to staffing needs, the new program will necessitate new or amended contracts for IT solutions and application scoring. All new adult use businesses will have application requirements different from medical marijuana businesses, which must be built within the existing IT solution for Missouri marijuana regulation or through a new IT solution. While the bulk of the initial wave of licensing for adult use will not require scoring applications, microbusiness applications will likely require scoring at each stage of licensing, and in the third year, it appears scoring will be necessary for all new facilities of any type.

The following are the estimates of costs associate with the staffing and contractual needs outlined above.

YEAR 1

Between December 2020 and December 2021, the SMR will begin program build out, draft and file rules, draft and issue Request for Proposals (RFPs) or contract amendments for IT solutions, and begin pre-licensing functions, including public outreach/response.

To cover program implementation, pre-licensing, and public outreach/response in the first year, the SMR will require additional staff. The following positions will be hired as of January 2021:

- One Planner IV with an annual salary of $55,000, job duties will include oversight of contracts, procurement, and website and supervisory responsibilities;

- One Planner II with an annual salary of $45,000, job duties will be consistent with that of the Planner IV to a lesser degree;
- Four Special Assistant Professionals with an annual salary of $45,000, job duties will be to function as facility licensing specialists and process applications and renewals;
- Five Health Program Representative IIs with an annual salary of $40,000 job duties will be Facility Agent ID's and handle public assistant calls; and
- Two Administrative Office Support Assistants with an annual salary of $38,000, to provide support for the above staff.

Due to the increase supervisory and oversight responsibilities, salaries to existing staff will be studied and adjustments will be made when deemed appropriate.

The current contract for IT solutions will need to be continued and expanded. The estimated cost for year one is $769,000.

YEAR 2

The SMR will continue program build-out and begin accepting facility applications in December 2021 and will have 150 days to approve or deny all applications. For 348 licenses, applications will be reviewed for minimum qualifications, but no scoring will be necessary. For 48 licenses (the microbusiness licenses), applications will be reviewed for minimum qualifications and scoring will be necessary. Facilities may begin operating sometime after May 2022. Facility agent applications and oversight will increase when the new facilities begin operating. The SMR will also draft and issue RFPs or contract amendments for application scoring in Year 2.

To cover program implementation and oversight, public outreach/response, facility agent applications and oversight, and compliance/enforcement functions for a new regulatory structure with up to 396 new facility licenses (not counting additional, new license types added as needed), the SMR will require additional staff. The following positions will be hired as of July 2021:

- Three Investigation Managers with an annual salary of $65,000, job duties to include supervision of additional investigative staff;
- Three Investigator IIIs with an annual salary of $60,000, job duties to be to inspect and investigate facilities throughout the state and provide oversight to Investigator II's;
- Seventeen Investigators II with an annual salary of $50,000, job duties to include inspecting and investigating facilities across the state;
- One Planner II with an annual salary of $45,000, job duties to include oversight on additional contracts and regulations;
- Five Health Program Representatives II with an annual salary of $40,000, job duties to provide public assistance and facilitate increase activity for facility agent ID applications. and
- Two Administrative Office Support Assistants with an annual salary of $38,000, to provide support for the above additional staff.

The Investigators are assumed to be telecommuters and are expected to travel extensively; it is assumed that the travel cost will be $10,118 annually for all investigative staff.

It is assumed application scoring will cost approximately $200,000 in Year 2. This estimate is based on the current SMMR contract, assuming a new contract will be necessary and assuming there will be four times the number of applications received as there are licenses available for microbusinesses (based on experience in 2019).

The current contract for IT solutions will need to be continued and expanded. The estimated cost for year two is $518,599.

Section 6 (iii) requires the Department to provide grants to existing agencies and not-for-profit organizations to increase access to evidence-based low barrier drug addiction treatment, and to support reintegrating those with substance abuse disorders, by supporting job placement, housing and counseling. The Division of Regulation and Licensure's Financial Services Unit (FSU) will require additional personnel to oversee the grant processes, as well as provide overall support to the additional SMR staff. The FSU will require one Planner III at an annual salary of $60,000, one Executive II with an annual salary of $40,000, and one Senior Office Support Assistant with an annual salary of $27,851. All FSU staff are assumed to start in July 2021.

YEAR 3

The SMR will continue program build-out and receive applications for an additional 48 microbusinesses in January 2023, which will likely require both minimum qualification review and scoring. Licensing of new business of all types will begin in November 2023, requiring minimum qualification review and scoring. Facility agent applications and oversight will increase when new facilities begin operating.

To cover public outreach/response, facility agent applications and oversight, and additional increases in compliance/enforcement functions for new facility licenses, the SMR will require additional staff. The following positions will be hired as of July 2022:

- Two Investigator IIIs with an annual salary of $60,000;
- Eight Investigators II with an annual salary of $50,000;
- Four Special Assistant Professionals with an annual salary of $45,000;
- Three Health Program Representative IIs with an annual salary of $40,000; and
- One Administrative Office Support Assistant with an annual salary of $38,000.

All job duties consistent with previous staff.

The Investigators are assumed to be telecommuters and are expected to travel extensively; it is assumed that the travel cost will be $10,118 annually for all investigative staff.

It is assumed application scoring will cost approximately $2,200,000 in Year 3. This estimate is based on the current SMMR contract, assuming a new contract will be necessary and assuming there will be four times the number of applications received as there are

licenses available for microbusinesses, and assuming the scoring expense for new marijuana business applications of all types will be similar to 2019 SMMR experience for expenses.

The IP implies a duty to reopen application periods when licenses become available. There is also the option to issue additional licenses indefinitely. And whenever there are more applicants than licenses available, DRL will have to have them scored. DRL would assumes that the ongoing costs would be approximately $1,110,000 for application scoring. We do not have any other one-time costs except for the office furniture/equipment.

The current contract for IT solutions will need to be continued and expanded. The estimated cost for year three is $518,599.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact of costs savings of $0 in fiscal year 2020, $192,382 in fiscal year 2021, $1,364,701 in fiscal year 2027.

The estimate of the impact of this amendment is determined by a standard response of looking at persons committed for marijuana-only offenses. In 2018, thirty people were incarcerated and 383 given probationary terms of cannabis-only violations. The average sentence is 7.0 years with 0.9 served before first release; the average probationary term is three years.

Passage of Initiative Petition (IP) 2020-126 is estimated to result in 30 fewer persons incarcerated and 383 fewer persons entering probationary supervision per year in their department. The full impact of the bill occurs in fiscal year (FY) 2028 with 90 fewer persons incarcerated and 1,269 fewer persons on field supervision. This results in a reduction of 10 (Probation and Parole) P&P officers by FY2026. Their department cost of incarceration in $17.224 per day or an annual cost of $6,287 per offender. Their department cost of probation or parole is determined by the number of P&P Officer II positions that would be needed to cover the new caseload.

Officials from the **Department of Labor and Industrial Relations** indicated they anticipate no fiscal impact for this proposal.

Officials from the **Department of Revenue** indicated:

Section 1.3 states that all public records produced or retained pursuant to this section are subject to the general provisions of Missouri's Sunshine Law. Thus, information obtained from an applicant or licensee are subject to closure.

Section 1.3 also states that qualifying patients under this section shall obtain an identification card which shall be valid for three years and may be renewed with a new physician's certification. The Department recognizes that the fee of twenty-five dollars per year per card remains the same, and does not anticipate a fiscal impact.

Section 1.3 also states that primary caregiver's identification cards shall be valid for three years. Furthermore, the fee for a primary caregiver's identification card has been increased from twenty-five dollars to seventy-five dollars. The Department recognizes that the fee, as it is written today, reads that it shall be twenty-five dollars per year. This initiative petition increases the fee to seventy-five dollars every three years. The total revenue gained, in totality, then, should not change, but the state could recognize changes in cash flow with the fee being paid by primary caregivers every three years instead of one. The Department defers to the Department of Health and Senior Services to estimate the impact to state cash flows.

Section 1.5 awards non-resident of Missouri patients the ability to purchase marijuana for medical purposes from a medical marijuana dispensary facility as permitted by this section. The Department recognizes that if out of state residents purchase medical marijuana in Missouri that the Missouri Veterans' Health and Care fund could increase as well as state and local sales and use taxes. The Department provides an unknown impact for this section, though, as the number of outside residents purchasing marijuana in Missouri cannot truly be estimated.

Section 2.1 states that recreational marijuana shall be legal for individuals aged twenty one and above.

Section 2.3 states that this section shall not require any employer to permit or accommodate conduct otherwise allowed by this section in or on any workplace or employer's property.

Section 2.4 states the Department of Health and Senior Services shall issue, at a minimum, the same number of marijuana cultivation facilities under Section 1 (medical marijuana), the same number of marijuana-infused products manufacturing facilities licenses as are issued for medical marijuana infused products manufacturing facilities, the same number of marijuana dispensary facility licenses as are issued to medical marijuana dispensary facilities, and a minimum number of marijuana microbusiness licenses are allowed for medical marijuana; stating that marijuana microbusiness licenses may be awarded to applicants of marijuana microbusinesses that is at least fifty percent owned by natural persons who qualified as economically disadvantaged owners or disabled veterans at the time they applied and received their licenses.

The Department recognizes that Section 1 (medical marijuana) allows for a minimum of 60 cultivation facility licenses, 86 marijuana-infused product facilities, and 192 dispensary

licenses. The number of marijuana microbusiness licenses would be issued over a period of time, as any other licenses allowed fall short of the minimum required.

The Department estimates the following minimum impact for Section 2.4:

Chart 1

Facility Type	Application Fee/Renewal Fee		Annual Fee	Minimum Number of Licenses	Estimated Revenue (Minimum)		
	Valid for 3 years	Year 4 and Thereafter			Application Fee	Renewal Fee	Annual Fee
Marijuana Cultivation Facility	$12,000	$5,000	$25,000	60	$720,000	$300,000	$1,500,000
Dispensary	$7,000	$3,000	$10,000	192	$1,344,000	$576,000	$1,920,000
Marijuana Infused Product Facility	$7,000	$3,000	$10,000	86	$602,000	$258,000	$860,000
Marijuana Microbusiness	$1,500	$2,500	$2,500	96	$144,000	$240,000	$240,000

Section 2.5 states that a local government may prohibit the operation of all non-medical retail marijuana facilities regulated under this section from being located within its jurisdiction through voter approval of a ballot question submitted to such voters of such local government.

Section 2.6 of this initiative petition states that a tax equal to 15% of the retail price of non-medical marijuana sold to consumers shall be levied. Furthermore, the Department recognizes that Section 2.6 states that the tax levied is separate from and in addition to any general state and local sales and use tax(es) that apply to retail sales – which will be collected upon the retail sales to consumers.

The Department observed data published by Marijuana Business Daily that projects U.S. retail marijuana sales to 2023, including both medical marijuana retail sales and recreational marijuana retail sales, shown separately (please see Chart 2).

Chart 2

Year	Medical U.S. Cannabis Retail Sales		Recreational U.S. Cannabis Retail Sales		Total U.S. Cannabis Retail Sales	
	Low	High	Low	High	Low	High
2018	$3,300,000,000	$3,800,000,000	$5,300,000,000	$6,200,000,000	$8,600,000,000	$10,000,000,000
2019	$4,200,000,000	$5,200,000,000	$7,000,000,000	$8,500,000,000	$11,200,000,000	$13,700,000,000
2020	$5,500,000,000	$6,800,000,000	$10,200,000,000	$12,200,000,000	$15,700,000,000	$19,000,000,000
2021	$6,400,000,000	$7,800,000,000	$13,000,000,000	$15,700,000,000	$19,400,000,000	$23,500,000,000
2022	$6,700,000,000	$8,300,000,000	$15,700,000,000	$19,100,000,000	$22,400,000,000	$27,400,000,000
2023	$6,900,000,000	$8,400,000,000	$18,100,000,000	$22,000,000,000	$25,000,000,000	$30,400,000,000

https://mjbizdaily.com/exclusive-us-retail-marijuana-sales-on-pace-to-rise-35-in-2019-and-near-30-billion-by-2023/

Using the "Total U.S. Cannabis Retail Sales column(s) from Chart 2, the Department calculated, for both high and low estimates, the estimated increase in total U.S. marijuana retail sales for each year in order to calculate an the average increase recognized each year

so that the Department could estimate retail sales through Year 2030. The Department recognized the following estimated increases in U.S. marijuana retail sales, as they were estimated by Marijuana Business Daily, between 2018 and 2023:

Chart 3

Year	Percent Difference/Increase (Using Total U.S. Marijuana Retail Sales – Chart 2)	
	Low	High
2019	30.23%	37%
2020	40.18%	39%
2021	23.57%	24%
2022	15.46%	17%
2023	11.61%	11%
Average Percent Difference/Increase	**24%**	**25%**

The Department used the average percent difference (increase) calculated from Chart 3 to estimate the total U.S. marijuana retail sales through Year 2030:

Chart 4

Year	Total Estimated U.S. Cannabis Retail Sales 2018-2030	
	Low	High
2018	$8,600,000,000	$10,000,000,000
2019	$11,200,000,000	$13,700,000,000
2020	$15,700,000,000	$19,000,000,000
2021	$19,400,000,000	$23,500,000,000
2022	$22,400,000,000	$27,400,000,000
2023	$25,000,000,000	$30,400,000,000
2024	$31,052,453,447	$38,116,431,496
2025	$38,570,194,602	$47,791,524,670
2026	$47,907,966,892	$59,922,446,584
2027	$59,506,396,466	$75,132,560,206
2028	$73,912,784,241	$94,203,456,716
2029	$91,806,931,670	$118,115,118,571
2030	$114,033,218,871	$148,096,277,158

The Department, then, using Chart 2, calculated the estimated percent of medical marijuana retail sales (medical marijuana retail sales / total U.S. marijuana retail sales) and the estimated percent of recreational marijuana retail sales (recreational marijuana retail sales / total U.S. marijuana retail sales), for both low and high estimates:

Chart 5

Year	Percent of Medical Low	Percent of Medical High	Percent of Recreational Low	Percent of Recreational High
2018	38%	38%	62%	62%
2019	38%	38%	63%	62%
2020	35%	36%	65%	64%
2021	33%	33%	67%	67%
2023	30%	30%	70%	70%
2023	28%	28%	72%	72%
Average Percent	**34%**	**34%**	**66%**	**66%**

The Department recognized that the estimated medical marijuana retail sales results to 34 percent of the total U.S. marijuana retail sales and recreational marijuana retail sales results in 66 percent of the total U.S. marijuana retail sales.

The Department applied the percentages estimated in Chart 5 to Chart 4 to determine the U.S. Cannabis Retail Sales, from 2018 to 2030, separated by medical marijuana retail sales and recreational marijuana retail sales:

Chart 6

Year	Total Estimated U.S. Cannabis Retail Sales		Medical Sales (Low)	Recreational Sales (Low)	Medical Sales (High)	Recreational Sales (High)
	Low	High	34%	66%	34%	66%
2018	$8,600,000,000	$10,000,000,000	$2,924,000,000	$5,676,000,000	$3,400,000,000	$6,600,000,000
2019	$11,200,000,000	$13,700,000,000	$3,808,000,000	$7,392,000,000	$4,658,000,000	$9,042,000,000
2020	$15,700,000,000	$19,000,000,000	$5,338,000,000	$10,362,000,000	$6,460,000,000	$12,540,000,000
2021	$19,400,000,000	$23,500,000,000	$6,596,000,000	$12,804,000,000	$7,990,000,000	$15,510,000,000
2022	$22,400,000,000	$27,400,000,000	$7,616,000,000	$14,784,000,000	$9,316,000,000	$18,084,000,000
2023	$25,000,000,000	$30,400,000,000	$8,500,000,000	$16,500,000,000	$10,336,000,000	$20,064,000,000
2024	$31,052,453,447	$38,116,431,496	$10,557,834,172	$20,494,619,275	$12,959,586,708	$25,156,844,787
2025	$38,570,194,602	$47,791,524,670	$13,113,866,165	$25,456,328,437	$16,249,118,388	$31,542,406,282
2026	$47,907,966,892	$59,922,446,584	$16,288,708,743	$31,619,258,149	$20,373,631,838	$39,548,814,745
2027	$59,506,396,466	$75,132,560,206	$20,232,174,798	$39,274,221,667	$25,545,070,470	$49,587,489,736
2028	$73,912,784,241	$94,203,456,716	$25,130,346,642	$48,782,437,599	$32,029,175,283	$62,174,281,432
2029	$91,806,931,670	$118,115,118,571	$31,214,356,768	$60,592,574,902	$40,159,140,314	$77,955,978,257
2030	$114,033,218,871	$148,096,277,158	$38,771,294,416	$75,261,924,455	$50,352,734,234	$97,743,542,924

The Department recognizes that medical marijuana will be accounted for pursuant to the passage of Amendment 2 of 2018 and that this initiative petition states that a "tax shall be levied upon the retail sale of *non-medical marijuana*…" Thus, the Department has removed the medical marijuana retail sales from the projections moving forward:

Chart 7

Year	Total Estimated U.S. Cannabis Retail Sales		Recreational Sales (Low)	Recreational Sales (High)
	Low	High	66%	66%
2018	$8,600,000,000	$10,000,000,000	$5,676,000,000	$6,600,000,000
2019	$11,200,000,000	$13,700,000,000	$7,392,000,000	$9,042,000,000
2020	$15,700,000,000	$19,000,000,000	$10,362,000,000	$12,540,000,000
2021	$19,400,000,000	$23,500,000,000	$12,804,000,000	$15,510,000,000
2022	$22,400,000,000	$27,400,000,000	$14,784,000,000	$18,084,000,000
2023	$25,000,000,000	$30,400,000,000	$16,500,000,000	$20,064,000,000
2024	$31,052,453,447	$38,116,431,496	$20,494,619,275	$25,156,844,787
2025	$38,570,194,602	$47,791,524,670	$25,456,328,437	$31,542,406,282
2026	$47,907,966,892	$59,922,446,584	$31,619,258,149	$39,548,814,745
2027	$59,506,396,466	$75,132,560,206	$39,274,221,667	$49,587,489,736
2028	$73,912,784,241	$94,203,456,716	$48,782,437,599	$62,174,281,432
2029	$91,806,931,670	$118,115,118,571	$60,592,574,902	$77,955,978,257
2030	$114,033,218,871	$148,096,277,158	$75,261,924,455	$97,743,542,924

Based on a report published by the Substance Abuse and Mental Health Services Administration, in 2018, 34.8 percent of individuals surveyed, within the United States, aged 18-25 used marijuana in the past year and 13.3 percent of individuals surveyed, within the United States, aged 26 and older used marijuana in the past year.

The Henry Kaiser Family Foundation (KFF) states that there are approximately 240,903,600 individuals in the United States aged 19 and above. Separating the population by age, there are approximately 28,348,600 individuals within the United States between the ages of 19 and 25 and approximately 212,555,000 individuals within the United States aged 26 or above.

Using the data published by the Substance Abuse and Mental Health Services Administration in conjunction with the age demographics published by the KFF, approximately 9,865,313 (28,348,600 x 34.8%) individuals in the United States aged between 19 and 25 and 28,269,815 (212,555,000 x 13.3%) individuals in the United States aged 26 and older that have used marijuana in the past year.

A data search with Missouri Census Data Center states that there are approximately 566,385 individuals in Missouri aged 18 -24 and approximately 4,183,237 individuals in Missouri aged 25 and older, with a total of 4,749,622 individuals aged 18 or above.

Using the data published by the Substance Abuse and Mental Health Services Administration in conjunction with the Missouri Census Data Center statistics, 197,102 (566,385 x 34.8%) Missourians aged 18-24 and 556,370 (4,183,237 x 13.3%) Missourians aged 25 and above have used marijuana in the past year.

*The Department notes that, due to the difference in the age groups defined between the Substance Abuse and Mental Health Services Administration and the Missouri Census Data Center, that the revenue forecasts for Missouri is understated slightly, as individuals aged 25 in Missouri are included within the projections using the lower percent of 13.3% and not 34.8% - whereas individuals aged 25 were included within the 34.8% stated by the Substance Abuse and Mental Health Services Administration. Also, due to the differences in the age groups defined between the Henry Kaiser Family Foundation and the Missouri Census Data Center, the revenue forecasts for Missouri is slightly overstated slightly, as individuals aged 18 are not included in the Henry Kaiser Family Foundation data but is included and accounted for in the Missouri Census Data Center data. The Department assumes, due to these acknowledgements just mentioned, that a "wash" could occur – reporting more accurate data than not.

Comparing the United States individuals to Missouri individuals who have used marijuana in the past year, the Department estimates Missouri's marijuana market share of total U.S. marijuana retail sales to be approximately 1.98% (estimated Missouri total population aged 18 and above using marijuana in the past year / total U.S. population aged 18 and above using marijuana in the past year percent of the total marijuana market within the United States – (197,102 + 556,370) / (9,865,313 + 28,269,815)).
Therefore, the Department refers back to the total Estimated U.S. Cannabis Retail Sales 2018-2030 from Chart 7, to forecast Missouri's recreational marijuana market/retail sales:

Chart 8

Missouri's Recreational Marijuana Market (1.98%)	
Low	**High**
$112,384,800	$130,680,000
$146,361,600	$179,031,600
$205,167,600	$248,292,000
$253,519,200	$307,098,000
$292,723,200	$358,063,200
$326,700,000	$397,267,200
$405,793,462	$498,105,527
$504,035,303	$624,539,644
$626,061,311	$783,066,532
$777,629,589	$981,832,297
$965,892,264	$1,231,050,772
$1,199,732,983	$1,543,528,369
$1,490,186,104	$1,935,322,150

The Department recognizes that Section 2.4 states that the Department of Health and Senior Services shall begin accepting facility applications within 365 days of December 3, 2020 (effective date of Section 2) and must allow application approvals within one-hundred eighty days after application submissions. The Department believes that the sale of recreational marijuana would not begin until June 2022.

When applying the state sales tax, the 15 percent excise tax, and weighted average local tax rate to Missouri's recreational marijuana market, as shown in Chart 7, the Department estimates the following increases, including both low and high estimates, for the following tax years:

Chart 9

Estimated Impact to TSR (Low) - Tax/Calendar Year							
Year	**General Revenue**	**Education**	**Conservation**	**Parks and Soil**	**Total TSR (4.225% State Sales Tax**	**Veterans, Infrastructure and Health Fund**	**Local Tax**
	3%	**1%**	**0.125%**	**0.10%**		**15%**	**3.93%**
TY 21	$0	$0	$0	$0	$0	$0	$0
TY 22	$5,122,656	$1,707,552	$213,444	$170,755	$7,214,407	$25,613,280	$6,710,679
TY 23	$9,801,000	$3,267,000	$408,375	$326,700	$13,803,075	$49,005,000	$12,839,310
TY 24	$12,173,804	$4,057,935	$507,242	$405,793	$17,144,774	$60,869,019	$15,947,683
TY 25	$15,121,059	$5,040,353	$630,044	$504,035	$21,295,492	$75,605,295	$19,808,587
TY 26	$18,781,839	$6,260,613	$782,577	$626,061	$26,451,090	$93,909,197	$24,604,210
TY 27	$23,328,888	$7,776,296	$972,037	$777,630	$32,854,850	$116,644,438	$30,560,843
TY 28	$28,976,768	$9,658,923	$1,207,365	$965,892	$40,808,948	$144,883,840	$37,959,566
TY 29	$35,991,989	$11,997,330	$1,499,666	$1,199,733	$50,688,719	$179,959,947	$47,149,506
TY 30	$44,705,583	$14,901,861	$1,862,733	$1,490,186	$62,960,363	$223,527,916	$58,564,314

Chart 10

Estimated Impact to TSR (High) - Tax/Calendar Year							
Year	**General Revenue**	**Education**	**Conservation**	**Parks and Soil**	**Total TSR (4.225% State Sales Tax**	**Veterans, Infrastructure and Health Fund**	**Local Tax**
	3%	**1%**	**0.125%**	**0.10%**		**15%**	**3.93%**
TY 21	$0	$0	$0	$0	$0	$0	$0
TY 22	$6,266,106	$2,088,702	$261,088	$208,870	$8,824,766	$31,330,530	$8,208,599
TY 23	$11,918,016	$3,972,672	$496,584	$397,267	$16,784,539	$59,590,080	$15,612,601
TY 24	$14,943,166	$4,981,055	$622,632	$498,106	$21,044,959	$74,715,829	$19,575,547
TY 25	$18,736,189	$6,245,396	$780,675	$624,540	$26,386,800	$93,680,947	$24,544,408
TY 26	$23,491,996	$7,830,665	$978,833	$783,067	$33,084,561	$117,459,980	$30,774,515
TY 27	$29,454,969	$9,818,323	$1,227,290	$981,832	$41,482,415	$147,274,845	$38,586,009
TY 28	$36,931,523	$12,310,508	$1,538,813	$1,231,051	$52,011,895	$184,657,616	$48,380,295
TY 29	$46,305,851	$15,435,284	$1,929,410	$1,543,528	$65,214,074	$231,529,255	$60,660,665
TY 30	$58,059,664	$19,353,221	$2,419,153	$1,935,322	$81,767,361	$290,298,322	$76,058,160

The Department further recognizes that sales would begin one month before the end of Fiscal Year 2022. Based on historical sales tax collection data, the Department adjusts calendar year collections putting 50 percent into the first fiscal year and fifty percent into the second fiscal year. Thus, the Department estimates the following increases, including both low and high estimates, for the following fiscal years:

Chart 11

Estimated Impact to TSR (Low) - Fiscal Year							
Year	**General Revenue**	**Education**	**Conservation**	**Parks and Soil**	**Total TSR (4.225% State Sales Tax**	**Veterans, Infrastructure and Health Fund**	**Local Tax**
	3%	**1%**	**0.125%**	**0.10%**		**15%**	**3.93%**
FY 21	$0	$0	$0	$0	$0	$0	$0
FY 22	$731,808	$243,936	$30,492	$24,394	$1,030,630	$3,659,040	$958,668
FY 23	$9,291,348	$3,097,116	$387,139.50	$350,549.10	$13,126,153	$46,456,740	$12,171,665.88
FY 24	$10,987,401.92	$3,662,467.31	$457,808.41	$366,246.73	$15,473,924	$54,937,009.62	$14,393,496.52
FY 25	$13,647,431.47	$4,549,143.82	$568,642.98	$454,914.38	$19,220,133	$68,237,157.35	$17,878,135.23
FY 26	$16,951,449.22	$5,650,483.07	$706,310.38	$565,048.31	$23,873,291	$84,757,246.08	$22,206,398.47
FY 27	$21,055,363.51	$7,018,454.50	$877,306.81	$701,845.45	$29,652,970	$105,276,817.53	$27,582,526.19
FY 28	$26,152,827.80	$8,717,609.27	$1,089,701.16	$871,760.93	$36,831,899	$130,764,139.01	$34,260,204.42
FY 29	$32,484,378.71	$10,828,126.24	$1,353,515.78	$1,082,812.62	$45,748,833	$162,421,893.56	$42,554,536.11
FY 30	$40,348,786.31	$13,449,595.44	$1,681,199.43	$1,344,959.54	$56,824,541	$201,743,931.55	$52,856,910.06

Chart 12

Estimated Impact to TSR (High) - Fiscal Year							
Year	**General Revenue**	**Education**	**Conservation**	**Parks and Soil**	**Total TSR (4.225% State Sales Tax**	**Veterans, Infrastructure and Health Fund**	**Local Tax**
	3%	**1%**	**0.125%**	**0.10%**		**15%**	**3.93%**
FY 21	$0	$0	$0	$0	$0	$0	$0
FY 22	$895,158	$298,386	$37,298	$29,839	$1,260,681	$4,475,790	$1,172,657
FY 23	$11,329,956	$3,776,652	$472,081.50	$427,323.60	$16,006,013	$56,649,780	$14,842,242.36
FY 24	$13,430,590.90	$4,476,863.63	$559,607.95	$447,686.36	$18,914,749	$67,152,954.51	$17,594,074.08
FY 25	$16,839,677.57	$5,613,225.86	$701,653.23	$561,322.59	$23,715,879	$84,198,387.84	$22,059,977.61
FY 26	$21,114,092.65	$7,038,030.88	$879,753.86	$703,803.09	$29,735,680	$105,570,463.23	$27,659,461.37
FY 27	$26,473,482.43	$8,824,494.14	$1,103,061.77	$882,449.41	$37,283,488	$132,367,412.15	$34,680,261.98
FY 28	$33,193,246.04	$11,064,415.35	$1,383,051.92	$1,106,441.53	$46,747,155	$165,966,230.18	$43,483,152.31
FY 29	$41,618,687.13	$13,872,895.71	$1,734,111.96	$1,387,289.57	$58,612,984	$208,093,435.64	$54,520,480.14
FY 30	$52,182,757.79	$17,394,252.60	$2,174,281.57	$1,739,425.26	$73,490,717	$260,913,788.95	$68,359,412.71

Section 2.6 further states that all revenues gained under Section 2 shall be deposited into the Veterans, Infrastructure, and Health Fund. The Department believes that this would include all license fees, application fees, renewal fees, annual fees, and the 15 percent tax levied. The Department does not believe this would include the 4.225% state sales tax. The Department notes that monies in the Veterans, infrastructure, and Health Fund shall be distributed in the following manner:

a. Amounts necessary to cover any Department of Health and Senior Services costs related to the administration of Section 2.
b. Amounts necessary for the creation of a reserve fund within the Department of Health and Senior Services to ensure there is enough working capital to administer Section 2.
c. 3/15th of the remaining balance to any local jurisdiction with recreational marijuana sales.
d. Any remaining balance will then be distributed
    a. 1/3rd to the Missouri Veterans' Commission
    b. 1/3rd to the State Road Fund
    c. 1/3rd to the Department of Health and Senior Services for grants to non-profits and other agencies in relation to drug addiction treatment.

The Department is unable to determine the amounts necessary for the Department of Health and Senior Services to administer Section 2 and the amounts necessary for the reserve fund. The Department will show the maximum amount of sales tax related revenues that could be distributed if all administration fees and reserve fund needs were met by the facility licensing fees.

Chart 13

Maximum Distribution Amounts Based on 15% Tax Collections (Low)							
Fiscal Year	**Veterans, Infrastructure and Health Fund**	**DHSS Administrative Costs**	**DHSS Reserve Fund**	**Local Jurisdictions**	**Missouri Veterans' Commission**	**State Road Fund**	**DHSS Addiction Treatment Grants**
FY 21	$0	$0	$0	$0	$0	$0	$0
FY 22	$3,659,040	Unknown	Unknown	$731,808	$975,744	$975,744	$975,744
FY 23	$46,456,740	Unknown	Unknown	$9,291,348	$12,388,464	$12,388,464	$12,388,464
FY 24	$54,937,010	Unknown	Unknown	$10,987,402	$14,649,869	$14,649,869	$14,649,869
FY 25	$68,237,157	Unknown	Unknown	$13,647,431	$18,196,575	$18,196,575	$18,196,575
FY 26	$84,757,246	Unknown	Unknown	$16,951,449	$22,601,932	$22,601,932	$22,601,932
FY 27	$105,276,818	Unknown	Unknown	$21,055,364	$28,073,818	$28,073,818	$28,073,818
FY 28	$130,764,139	Unknown	Unknown	$26,152,828	$34,870,437	$34,870,437	$34,870,437
FY 29	$162,421,894	Unknown	Unknown	$32,484,379	$43,312,505	$43,312,505	$43,312,505
FY 30	$201,743,932	Unknown	Unknown	$40,348,786	$53,798,382	$53,798,382	$53,798,382

Chart 14

Maximum Distribution Amounts Based on 15% Tax Collections (High)							
Fiscal Year	**Veterans, Infrastructure and Health Fund**	**DHSS Administrative Costs**	**DHSS Reserve Fund**	**Local Jurisdictions**	**Missouri Veterans' Commission**	**State Road Fund**	**DHSS Addiction Treatment Grants**
FY 21	$0	$0	$0	$0	$0	$0	$0
FY 22	$0	Unknown	Unknown	$0	$0	$0	$0
FY 23	$4,475,790	Unknown	Unknown	$895,158	$1,193,544	$1,193,544	$1,193,544
FY 24	$56,649,780	Unknown	Unknown	$11,329,956	$15,106,608	$15,106,608	$15,106,608
FY 25	$67,152,955	Unknown	Unknown	$13,430,591	$17,907,455	$17,907,455	$17,907,455
FY 26	$84,198,388	Unknown	Unknown	$16,839,678	$22,452,903	$22,452,903	$22,452,903
FY 27	$105,570,463	Unknown	Unknown	$21,114,093	$28,152,124	$28,152,124	$28,152,124
FY 28	$132,367,412	Unknown	Unknown	$26,473,482	$35,297,977	$35,297,977	$35,297,977
FY 29	$165,966,230	Unknown	Unknown	$33,193,246	$44,257,661	$44,257,661	$44,257,661
FY 30	$208,093,436	Unknown	Unknown	$41,618,687	$55,491,583	$55,491,583	$55,491,583

As a result of the Department's inability to determine or estimate the administrative costs of the Department of Health and Senior Services and the amounts necessary for the reserve fund, the distribution(s) shown above are subject to change significantly.

Section 10 states that the adult use of recreational marijuana is not unlawful and further allows individuals who have been arrested, charged, or found guilty for any offense that would no longer be illegal after the effective date of Section 2 to apply for and be granted an expungement of their records specific to the aforementioned offenses. The Department defers to the Department of Corrections and the State Public Defender's Office to estimate the impact of Section 10.

Officials from the **Department of Public Safety - Office of Director** indicated they see no fiscal impact due to this initiative petition. They also provided the following comments from Missouri State Highway Patrol officials.

Department of Public Safety - Division of Missouri State Highway Patrol indicated:

If this Amendment would be approved, it would result in a fiscal impact to the Criminal Record Systems Fund.

The Missouri Department of Health and Senior Services estimates that between 18,000 and 36,000 new fingerprint based criminal record checks will be performed in relation to the 348 medical marijuana facilities under Section 1 of Article XIV. The Patrol estimates that between $396,000.00 and $792,000.00 may be deposited in the Criminal Record System Fund as a result of the background check requirements in Section 2. For purposes of this response, the Patrol assumes it will perform 36,000 checks. Using these same figures for

the marijuana facilities licensed as identified in Section 2 of Article XIV, the Patrol estimates the following fiscal impact.

The state fee for a fingerprint based criminal record check is $20.00 per request.
The federal fee for a fingerprint based criminal record check is $13.25 per request, of which, the CJIS Division retains $2.00 of the federal fee. This equates to $22.00 of the total state and federal fingerprint background check fee that is retained in the Criminal Record System Fund per request.

State and Federal Fingerprint Fee Schedule
State Fee = $20.00
Federal Fee = $13.25
Total State and Federal fee = $33.25
Vendor Fee (if applicable) = $8.50
Total State and Federal with Vendor fee = $41.75
Total Retained in the Criminal Record System Fund = $22.00

Meanwhile, the Patrol's Criminal Justice Information Services Division (CJIS) processes all requests for expungements for criminal history records, and the requests are processed by a CJIS Technician. This person reviews criminal history records, contacts agencies associated with the arrests or convictions, and collects all necessary data for court orders.

As of September 2019, there were 234,808 marijuana related arrest charges in the Central Repository. The expungement process takes approximately 90 minutes, so 1 FTE could handle 1,243 expungements per year.

- 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

- 111,840 minutes per year / 90 minutes per expungement = 1,243 expungements per year per FTE

- 234,808 records / 1,243 per FTE per year = 189 FTE

Additionally, the Patrol Records Division (PRD) processes all petitions and court orders relating to expungement of marijuana related traffic arrests.

There are currently 113,922 traffic arrest records in the system. The expungement process takes approximately 30 minutes, so 1 FTE could handle 3,728 expungements per year.

- 111,840 minutes per year / 30 minutes per expungement = 3,728 expungements per year per FTE

- 113,922 records / 3,728 per FTE per year = 31 FTE

The Patrol would also need to replace all 10 of its canines. The Patrol's canines are currently trained using Cannabis/Marijuana as one of the drugs to which they alert. If this initiative were to pass, each canine would have to be retired and replaced. The purchase and initial training for a canine is approximately $22,000. Since the Patrol contracts its canine training, the time to train all 10 canines could take up to 3 years.

As a result, the anticipated total initial cost to the Patrol will be approximately **$13,476,898**, as follows:

$12,730,318	Salary and fringe benefits for 189 CJIS Technicians and 31 PRD Technicians
$1,318,580	Expense and Equipment, including rental space, janitorial for the 220 FTE
$220,000	Cost of replacing and training 10 canines
($792,000)	Fee collected from fingerprinting/added to CRS Fund
$13,476,898	Total Cost

With the time involved in hiring and training FTE and processing expungements the Patrol anticipates this being a 2-year project, after which time the FTE would be terminated.

Missouri State Highway Patrol - Comments and Concerns

While the Initiative Petition has the appropriate wording, the FBI does not recognize an Amendment to Missouri's Constitution by means of an Initiative Petition as meeting Public Law 92-544 criteria to authorize a federal fingerprint based criminal record check. If a Constitutional Amendment were to pass by means of the Initiative Petition process, the Patrol recommends that the Department of Health and Senior Services seek specific legislation to ensure the state and federal fingerprint based criminal record check is properly authorized.

In 2009, Colorado traffic fatalities involving drivers testing positive for marijuana represented 9% of the total traffic fatalities. Recreational marijuana use was legalized in 2012. By 2016, that number more than doubled to 21%.

Marijuana-related traffic deaths increased 66% in the four-year average (2013-2016) since Colorado legalized recreational marijuana compared to the four-year average (2009-2012) prior to legalization.

Marijuana-related deaths when a driver tested positive for marijuana more than doubled from 55 deaths in 2013 to 125 deaths in 2016.

The yearly number of marijuana related hospitalizations increased 72% after the legalization of marijuana, (2009-2012) vs. (2013-2016).

Colorado youth past month marijuana use for 2014/2015 was 55% higher than the national average.

The average THC levels in marijuana has increased significantly over the years: 1969-0.8%, 1995-4%, 2013-13%; 2017-20+%; Oil, 1995-13%, 2013-52%; highest Plant 38%, highest oil 95%+.

In Missouri, medical marijuana was legalized by Amendment 2 and took effect December 2018. As of June 10, 2019, 12 states have legalized recreational marijuana and 29 states have legalized medical marijuana. In a roadside 2013-2014 NHTSA roadside survey, 20% of the nighttime and weekend drivers tested positive for drugs. Interestingly, the number of daytime drugged drivers was approximately the same amount as night and weekend drugged drivers. A roadside study in Colorado and Washington, the first two states to legalize marijuana for recreational use, showed the primary increase of marijuana users happened to their daytime drivers. The percent of drivers that tested positive for marijuana during the day went from 8%, before recreational marijuana sales, to 23%, 6-12 months after marijuana was legalized. There was a 48% increase in weekend nighttime drivers testing positive for THC or 11-OH-THC (an active metabolite of THC) from 2007 to 2014.

Montana legalized medical marijuana in 2004 and from 2007-2010, the presence of marijuana in DUI suspects increased over 100%. Also, the number of DUI suspects who tested positive for alcohol and marijuana increased by over 180%.

Medical marijuana has been legal in the state of Colorado since 2000. On November 12, 2012, the state of Colorado passed Amendment 64, which legalized private use of marijuana. Per the Colorado State Patrol's driving under the influence statistics, marijuana DUI citations increased 25.5% from 2014 to 2018 and marijuana and alcohol citations increased 112% in the same time range. As marijuana becomes legalized, its use increases.

The three years after Colorado legalized marijuana for recreational use (2013-2015), its use increased in youth ages 12-17, by 12%, in young adults aged 18-25 by 16%, and adults 26 in older by 71%. By removing the recommended acceptable ages of use, zoning regulations, packaging, and advertising of cannabis/marijuana, the risk of use and abuse of marijuana by the youth of Missouri is substantially increased. This category of Missourians, who recent studies have shown significant long-term cognitive impairment when marijuana is ingested during the developmental years, would be affected.

2(7) The Patrol recommends replacing the word "specifically" with "which has, is or can be used in. . ." There are many items, products, and chemicals that can be used with marijuana, but are not developed specifically for marijuana. (page 14)

3(1)(d) The Patrol recommends replacing the word "intoxicated" with "impaired. (page 15)

3(3) The Patrol recommends replacing the word "intoxicated" with "impaired". (page 15)

4(24) The Patrol recommends addressing the need to prohibit the importation of marijuana from outside Missouri. (page 22)

9(1)(b) There is no definition for what qualifies as a non-violent crime. This information would be critical for the Department of Health and Senior Services in determining a disqualifying felony offense. In addition, there are no provisions for conducting criminal background checks under section nine. (page 25)

9(5) This section specifies the type of container the marijuana is required to be sold in, however, there are no provisions or requirements about the marijuana remaining in the same packaging one the sale to an individual has been made. The Patrol recommends language requiring marijuana to remain in its original packaging. For individuals who produce for themselves it is recommending having guidelines on the type of container or packaging if carried in public. (page 25)

The Patrol recommends a $75 fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing criminal histories, as well as contacting various agencies associated with arrests (in researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements - their fees ranged from $50 to $450 per petition per arrest date).

This initiative provides specific employment protections for those who use Cannabis/Marijuana. Such use while serving in any law enforcement related position not only creates public safety concerns, but also quality control and security issues when working with highly sensitive material or information. Additionally, the Patrol receives federal grant funding, subject to audits, that require a drug free workplace policy. For these reasons, the Patrol feels it is essential that it be allowed to continue administering drug testing for new employees, as well as random tests, critical incident tests, etc.

Additionally, the initiative does not contain any language concerning the amount of marijuana an individual may transport, purchase or sell. Also, there is no language as to where the marijuana may be transported. A lack of guidance may allow for Missouri marijuana facilities to distribute marijuana outside of the state, or allow other states to distribute their marijuana in Missouri. A lack of such language could lead to Missouri being a distribution starting point for states where marijuana remains illegal.

Finally, if passed, the initiative petition will remove Cannabis/Marijuana from Missouri Revised Statutes and creating conflict with both several Federal and State laws, such as the use or possession of a firearm. As the Patrol has officers assigned to federal task forces that may be involved in a federal drug operation, there are concerns over potential civil litigation resulting from these types of operations, as marijuana is still classified as a Schedule I controlled substance, and illegal under federal law.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact from the initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition (IP) has the same federal compliance issues as previous IPs 20-123 and 20-125.

Summary
Elements within the initiative petition submitted by Deirdre Hirner present a variance of state law with the Federal Motor Carrier Safety Regulations (FMCSRs). Should this petition pass a vote of the People and become state law, Missouri's share of federal Motor Carrier Safety Assistance Program (MCSAP) funding is at risk. The fiscal impact ranges from approximately $350,000 to $7 million.

Background
MCSAP funding is received and distributed by the Missouri Department of Transportation to fund commercial vehicle safety and enforcement activities performed by the MoDOT Motor Carrier Services and Highway Safety and Traffic divisions; the Missouri State Highway Patrol; and the commercial vehicle enforcement police teams of St. Louis City, Kansas City and St. Louis County.

In order to receive the funding, Missouri must enforce FMCSRs in whole. Language with respect to the expungement of marijuana convictions within the initiative petition would prevent enforcement of 49 CFR § Parts 391 and 392. These federal regulations relate to the transportation of and use of controlled substances by commercial motor vehicle drivers.

The expungement language, found in the petition in the section entitled *Personal Use of Marijuana* on page 27, 10-(7) and (8), would keep the marijuana-related convictions of commercial motor vehicle (CMV) drivers from appearing in their criminal records and force Missouri agencies to forgo enforcement of FMCSRs pertaining to the use of disqualified drivers.

Penalty
Per 49 CFR § 350.215 – The penalty imposed upon States found to be in noncompliance can be as harsh as withholding all MCSAP funding; or
Withholding up to 5 percent of MCSAP funds during the fiscal year that the FMCSA notifies the State of its noncompliance;
Up to 10 percent of MCSAP funds for the first full fiscal year of noncompliance;
Up to 25 percent of MCSAP funds for the second full fiscal year of noncompliance; and
Not more than 50 percent of MCSAP funds for the third and any subsequent full fiscal year.

MCSAP funding, Using Missouri's MCSAP apportionment for Fiscal Year 2018 as a base, a **full withholding places $6,934,545** at risk. This is the steepest penalty possible.
If the less stringent withholding took effect, the results would be as follows:

- **5 percent** - $346,727 – during the fiscal year that FMCSA notifies the State of noncompliance;
- **10 percent** - $693,454 – during the first full fiscal year of non-compliance;
- **25 percent** - $1,733,636 – during the second full fiscal year of non-compliance; and
- **Not more than 50 percent** – or $3,467, 272 for the third and any subsequent full fiscal year of non-compliance.

BASIS FOR A POSSIBLE FISCAL IMPACT

Federal Motor Carrier Safety Regulations and Their Adoption in Missouri
Regardless of Missouri's legal status on cannabis, marijuana remains a controlled substance at the federal level and is illegal to possess, use or transport across state lines – whether it is intended for medicinal or recreational use.

The U.S. Department of Transportation prohibits the use of cannabis by commercial motor vehicle drivers as the U.S. Drug Enforcement Administration currently considers THC, or tetrahydrocannabinol, the principal psychoactive compound in marijuana, to be a Schedule I controlled substance.
The following DOT regulations in Title 49 CFR prohibit the use and possession of marijuana.

§382.213 Controlled substance use.

> ***(a) No driver shall report for duty or remain on duty requiring the performance of safety sensitive functions when the driver uses any drug or substance identified in 21 CFR 1308.11 Schedule I.***

§392.4 Drugs and other substances.

> ***(a) No driver shall be on duty and possess, be under the influence of, or use, any of the following drugs or other substances:***
> ***(1) Any 21 CFR 1308.11 Schedule I substance;***

Part 382 applies to drivers operating in both interstate and intrastate commerce.

Part 392 is specific to interstate transportation.

Though Part 392 is specific to interstate transportation, by virtue of Missouri's adoption of the FMCSRs through 307.400 RSMo, the regulation applies to intrastate transportation as well. No intrastate commercial motor vehicle driver can possess, be under the influence of, or use marijuana.

Disqualification of a CMV Driver
Title 49 CFR Part 391.15 – Disqualification of Drivers, addresses disqualification of commercial motor vehicle drivers. A driver, convicted of a disqualifying offense is disqualified for one year from the date of conviction for first offenders and three years after

the date of conviction if, during the previous three years preceding the conviction date, the driver was convicted of a disqualifying offense.

One of the disqualifying offenses referenced is transporting, possessing or using a Schedule 1 substance while on duty:

49 CFR 391.15(c)(2)(iii) Transportation, possession, or unlawful use of a 21 CFR 1308.11 Schedule I identified controlled substance, amphetamines, narcotic drugs, formulations of an amphetamine, or derivatives of narcotic drugs while the driver is on duty, as the term on-duty time is defined in § 395.2 of this subchapter;

A CMV driver convicted of any of the above offenses specific to marijuana while on duty is a disqualified driver. The disqualification applies even if the marijuana offense occurred in a state where the disqualifying conviction was for an act/condition that later became legal.

If prior marijuana convictions are wholly expunged from criminal records, the records of CMV drivers who had been convicted of marijuana-related offences would not retain this information, yet the driver is technically not qualified to operate a CMV. Further, neither MoDOT Motor Carrier Services nor other motor carrier enforcement agencies could know of the convictions when making enforcement determinations.

Officials from the **Office of Administration** indicated this proposal amends Article XIV, Section 1 of the Missouri Constitution that was voter approved in November 2018 and adds additional language in Section 2 for recreational marijuana.

Section 1.3 states that all public records produced or retained under Section 1 shall become subject to the Missouri Sunshine Law on December 2, 2020. Section 1.3 changes qualified patient identification cards from an annual renewal to every three years. The patient card fees remain $25 per year. Budget and Planning (B&P) notes that it is not clear if patients will pay $75 ($25 x 3 years) upon application and renewal or $25 each year the card is active. Section 1.3 also changes primary caregiver identification cards from an annual renewal to every three years; the card fee is also increased from $25 to $75. B&P defers to the Department of Health and Senior Services (DHSS) for the estimated impact from these provisions.

Section 1.5 would allow out-of-state medical patients to purchase medical marijuana within Missouri. B&P notes that this could increase funding to the Missouri Veterans' Health and Care Fund as well as state and local sales tax collections by an unknown amount if out-of-state patients subsequently purchase medical marijuana within Missouri.

Section 2.1 would legalize the use of recreational marijuana for individuals over the age of 21.

Section 2.4 states that the number of recreational marijuana facility licenses (cultivation, marijuana-infused products, and dispensaries) must equal the number of licenses granted

under medical marijuana (Section 1). B&P notes that per Section 1, the minimum number of cultivation facility licenses is 60, dispensary licenses is 192, and marijuana-infused product facility licenses is 86. In addition, Section 2.4 creates a minimum number of microbusiness facility licenses granted over a period of time. Section 2.4 further details the amount of application and annual fees required. Table 1 lists the fees per facility type and the associated estimated minimum revenue. B&P defers to DHSS for a more detailed analysis of the estimated impacts from these provisions.

Table 1: Facility Fees

Facility Type	Application/ Renewal Fees		Annual Fee	# Min Licenses Allowed	Estimated Minimum Revenue		
	Years 1-3	Years 4+			Application Fee	Renewal Fee (Every 3 years)	Annual Fee
Cultivation Facility	$12,000	$5,000	$25,000	60	$720,000	$300,000	$1,500,000
Dispensary	$7,000	$3,000	$10,000	192	$1,344,000	$576,000	$1,920,000
Marijuana-Infused Product Facility	$7,000	$3,000	$10,000	86	$602,000	$258,000	$860,000
Microbusinesses *Note: Up to an additional 48 microbusiness licenses may be issued if DHSS determines there is a market.*	$1,500	$2,500	$2,500	96	$144,000	$240,000	$240,000

Section 2.5 allows local jurisdictions to prohibit the operation of non-medical marijuana facilities upon voter approval at a general election.

Section 2.6 establishes an excise tax rate of 15% upon the retail price of non-medical marijuana. Section 2.6 notes this is in addition to state and local sales taxes that apply to retail sales. B&P notes that the language refers to "general state and local sales and use taxes". For the purpose of this fiscal note, B&P assumes that general means all state and local sales taxes levied and not just those levies that are directed to the state (or local) general revenue fund.

Based on research, B&P was able to find forecasts for the U.S. legal market for cannabis[1]. According to such forecasts, the U.S. market for legal marijuana will be approximately $24.5 billion in calendar year 2021 and grow up to $47.3 billion by calendar year 2027. Based on information from the Substance Abuse and Mental Health Services Administration[2], from 2016-2017 approximately 13.95% of Missouri residents and 14.73% of all U.S. residents surveyed have used marijuana within the last year. Using the populations of Missouri residents age 18 and over compared to the U.S. population age 18 and over, B&P estimates that the market for legal marijuana in Missouri is 1.79% of the total U.S. market. Therefore, B&P estimates that the Missouri market for legal marijuana

[1] https://cannabusinessplans.com/cannabis-legal-market-size-projections/
[2] https://www.samhsa.gov/data/report/comparison-2015-2016-and-2016-2017-nsduh-population-percentages-50-states-and-district

would be approximately $439.5 million in calendar year 2021 ($24.5 billion x 1.79%) and up to $848.4 million by calendar year 2027 ($47.3 billion x 1.79%).

Based on further research[3], B&P estimates that there could be between 61,700 to 122,500 medical marijuana users in Missouri. Using these estimates, and the estimates shown above, B&P estimates that the Missouri market for medical marijuana would be between 0.17% and 0.34% of the total U.S. Market for legal marijuana. Therefore, B&P estimates that the total Missouri market for recreational marijuana would be 1.46% to 1.62% of the total U.S. market. Table 1 shows the estimated U.S. and Missouri markets for marijuana.

Table 2: Estimated Marijuana Market Size for the U.S. and Missouri

Calendar Year	Estimated U.S. Market Size	Estimated MO Market Size	Estimated MO Medical Market Size	Estimated MO Recreational Market Size
2021	$24,500,000,000	$439,465,251	$41,480,436	$ 397,984,815
2022	$28,300,000,000	$507,627,209	$61,066,553	$ 446,560,656
2023	$32,100,000,000	$575,789,166	$80,652,669	$ 495,136,497
2024	$35,900,000,000	$643,951,123	$100,238,785	$ 543,712,338
2025	$39,700,000,000	$712,113,081	$119,824,901	$ 592,288,179
2026	$43,500,000,000	$780,275,038	$139,411,018	$ 640,864,020
2027	$47,300,000,000	$848,436,996	$158,997,134	$ 689,439,861

B&P notes that Section 2.4 states that DHSS must begin accepting facility applications within 365 of December 3, 2020 (the effective date of Section 2) and must grant application approvals within one-hundred and eighty days of their submission. Therefore, B&P estimates that sales of recreational marijuana will not begin until June 2022.

Applying the excise tax rate of 15% plus the state sales tax rate of 4.225% and excluding the estimated market for medical marijuana, B&P estimates that this proposal may increase state revenues by $50.0 million in calendar year 2022. By calendar year 2027, B&P estimates that this proposal may increase state revenues by $132.5 million. This proposal could also increase local revenues by $10.2 million in calendar year 2021 and $27.1 million by calendar year 2027; these estimates assume that no local jurisdictions opt-out of recreational marijuana. Table 3 shows the estimated revenues generated by calendar year.

[3] https://www.stltoday.com/news/local/metro/plenty-of-pot-study-says-missouri-will-license-twice-as/article_e94469b0-e1c6-5893-bc2e-e1d7b24f4a73.html

Table 3: Estimated Calendar Year Revenues

Fund	CY 2022*	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
GR (3.0% tax)	$7,814,811	$14,854,095	$16,311,370	$17,768,645	$19,225,921	$20,683,196
Education (1.0% tax)	$2,604,937	$4,951,365	$5,437,123	$5,922,882	$6,408,640	$6,894,399
Conservation (0.125% tax)	$325,617	$618,921	$679,640	$740,360	$801,080	$861,800
Parks, soil, water (0.1% tax)	$260,494	$495,136	$543,712	$592,288	$640,864	$689,440
Veterans, Infrastructure, and Health Fund (15.0% tax)	$39,074,057	$74,270,475	$81,556,851	$88,843,227	$96,129,603	$103,415,979
TSR (total 4.225% state sales tax)	**$50,079,057**	**$95,189,992**	**$104,528,697**	**$113,867,402**	**$123,206,108**	**$132,544,813**
Local Revenue (pop. weighted local rate 3.93%)	$10,237,403	$19,458,864	$21,367,895	$23,276,925	$25,185,956	$27,094,987

*Assumes 7 months of sales from June 2022 through December 2022.

However, B&P notes that sales would start one month before the end of FY 2022. Based on historical sales tax collection data, B&P adjusts calendar year collections 50% into the first fiscal year and 50% into the second fiscal year. Therefore, B&P estimates that this proposal will increase state revenues by $7.2 million in FY 2022. By FY 2028, this proposal may increase state revenues by $132.5 million. This proposal may also increase local revenues by $1.5 million in FY 2022 and up to $27.1 million by FY 2028, assuming no local jurisdictions opt out of recreational marijuana. Table 4 shows the estimated revenue generated by fiscal year.

Table 4: Estimated Fiscal Year Revenues

Fund	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
GR	$1,116,402	$14,125,457	$15,582,733	$17,040,008	$18,497,283	$19,954,558	$20,683,196
Education	$372,134	$4,708,486	$5,194,244	$5,680,003	$6,165,761	$6,651,519	$6,894,399
Conservation	$46,517	$588,561	$649,281	$710,000	$770,720	$831,440	$861,800
Parks, soil, water	$37,213	$470,849	$519,424	$568,000	$616,576	$665,152	$689,440
Veterans, Infrastructure, and Health Fund	$5,582,008	$70,627,287	$77,913,663	$85,200,039	$92,486,415	$99,772,791	$103,415,979
TSR	**$7,154,274**	**$90,520,639**	**$99,859,344**	**$109,198,050**	**$118,536,755**	**$127,875,461**	**$132,544,813**
Local Revenue	$1,462,486	$18,504,349	$20,413,380	$22,322,410	$24,231,441	$26,140,471	$27,094,987

Section 2.6 further states that the taxes and fees levied under Section 2 shall be deposited into the newly created Veterans, Infrastructure, and Health Fund. B&P notes that this would include all license application and renewal fees, annual facility fees, and the 15% excise tax. This would not include the 4.225% state sales tax.

Monies in the Veterans, Infrastructure, and Health Fund are to be distributed in the following manner:

1. Amounts necessary to cover any DHSS costs related to Section 2 administration.
2. Amounts necessary for the creation of a reserve fund within DHSS to ensure there is enough working cash balance to administer Section 2.
3. 3/15th of the remaining balance to any local jurisdiction with recreational marijuana sales.
4. Any remaining balance will then be distributed:
    a. 1/3 to the Missouri Veterans Commission
    b. 1/3 to the State Road Fund
    c. 1/3 to DHSS for grants to non-profits and other agencies in relation to drug addiction treatment.

B&P is unable to estimate the amount of revenues that would be required to meet DHSS administrative costs and reserve fund needs. Therefore, for the purpose of this fiscal note, B&P will show the maximum amount of sales tax related revenues that could be distributed if all administration fees and reserve fund needs were met by the facility licensing fees.

Table 5: Maximum Distribution Amounts Based on 15% Excise Tax Collections

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Veterans, Infrastructure, and Health Fund	$5,582,008	$70,627,287	$77,913,663	$85,200,039	$92,486,415	$99,772,791	$103,415,979
Estimated Maximum Distributions							
DHSS Administrative Costs*	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
DHSS Reserve Fund*	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
Local Jurisdictions**	$1,116,402	$14,125,457	$15,582,733	$17,040,008	$18,497,283	$19,954,558	$20,683,196
Missouri Veterans Commission	$1,488,536	$18,833,943	$20,776,977	$22,720,010	$24,663,044	$26,606,078	$27,577,594
State Road Fund	$1,488,536	$18,833,943	$20,776,977	$22,720,010	$24,663,044	$26,606,078	$27,577,594
DHSS Drug Treatment Grants	$1,488,536	$18,833,943	$20,776,977	$22,720,010	$24,663,044	$26,606,078	$27,577,594

*For the purpose of this fiscal note, B&P will assume that DHSS costs are fully met through the licensing fee collections. Actual distributions may be significantly different.

**Assumes no local jurisdictions opt-out.

B&P notes that depending on administrative and reserve fund needs, actual distributions may be significantly different from the estimates shown above.

Section 2.10 specifies that adult use of recreational marijuana is not unlawful and allows for individuals who have been arrested, charged, or found guilty for any offense that would no longer be illegal after the effective date of Section 2 to apply for and be granted expungement of their records pertaining to such offenses. B&P defers to the Department of Corrections and the State Public Defender's Office for the estimated impact from these provisions.

Officials from the **Office of State Courts Administrator** indicated the initiative petition proposes a constitutional amendment to Article XIV to modify the current provisions of the Missouri Constitution relating to legalization of marijuana.

The average of all marijuana related charge codes from 2012 to 2016 for Circuit case types is 11,537 per year. The average of all marijuana related charge codes from 2012 to 2016 for Associate case types is 8,765. We are unable to determine what number of these charges were for someone over the age of twenty-one.

The following Criminal Court Costs would be affected by this proposed legislation:

Criminal Court Costs		
Felony Case Costs	**Amount of Cost**	**Disburse to State/County**
Basic Civil Legal Services Fund surcharge	$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$45.00	State of Missouri - General Revenue $36, County $9
County Fee	$75.00	County
Court Automation Fund Fee	$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards & Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$279.50**	
Misdemeanor Case Costs		

Basic Civil Legal Services Fund surcharge	$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$15.00	$12 State of Missouri / $3 County
County Fee	$25.00	County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	$0.50 State of Missouri / $0.50 County
Sheriffs' fee	$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$102.50**	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	$15.00	$12 State of Missouri / $3 County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund

Sheriffs' Retirement Fund surcharge	$3.00	Sheriffs' Retirement Fund
Total	**$33.50**	
Criminal Costs Not Included Above		
Drug Testing by a State Lab	$150.00	State of Missouri
Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts.

We also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time we are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY (fiscal year) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender (MSPD), since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track their cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2019 MSPD data, is that this would reduce their caseload by 4,219 cases (149 A/B felonies, 3,102 C/D felonies, 144 misdemeanors, and 974 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards*, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; misdemeanors, 11.7 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 4,219 cases, those cases require 88,765 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 43 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, the Missouri State Public Defender already is significantly understaffed by 321 attorneys under the workload standards developed in *The Missouri Project*.

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not

allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 43 attorneys how much money needs to be added to their budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there is anticipated costs to the County of Greene for this initiative petition, per the following information concerning this initiative petition, https://static1.squarespace.com/static/5541a76ae4b0175cee8827d0/t/580684e5ff7c50adea98399e/1476822252561/Letter+to+CA+from+Denver+DA.jpgI provided by their County Prosecutor, Dan Patterson.

To fully understand the fiscal impact would require a very detailed study to give the best opportunity to understand the impact to law enforcement, prosecutors and the circuit courts within the proposed changes of this initiative petition, which the linked letter demonstrates occurred in Colorado after similar legislation passed.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202
Bus. Phone: 720-913-900
Fax: 720-913-903

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from **St. Louis County** indicated they see nothing in this proposal which would mandate operations of their county government, causing it a fiscal impact. Any acts that would be allowed county government would not be mandatory and would not mandatorily cause a fiscal impact. The amendment would not necessarily require the county to do anything, but those that the amendment would permit the county to do if it wanted to would not, it appears to them, cause any fiscal impact to their county.

Officials from the **City of Kansas City** indicated this initiative petition may have a positive fiscal impact on their city in an indeterminate amount as a result of increased sales tax revenues; however, such revenues could be offset by increased expenses in an indeterminate amount.

Officials from the **Wellsville-Middletown R-1 School District** indicated in that it may have a positive impact on the State's General Revenue Fund through additional taxation, this petition may have a positive fiscal impact on their school.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from the **Missouri Veterans Commission** indicated:

Michael L. Parson
Governor

Grace Link
Executive Director

MISSOURI VETERANS COMMISSION

205 Jefferson Street, P.O. Drawer 147, Jefferson City, MO 65102-0147
Telephone: (573) 751-3779 www.mvc.dps.mo.gov Fax: (573) 751-6836

October 21, 2019

The Honorable John R. Ashcroft
Secretary of State
600 W. Main Street
Jefferson City, MO 65101

Dear Secretary of State Ashcroft,

Initiative Petitions 2020-125 and 2020-126 (hereinafter, the Initiatives), which are identical in language, will have a disastrous fiscal impact upon the Missouri Veterans Commission. Under the existing medical marijuana program, we anticipate receiving $12,458 in FY20, $2,135,510 in FY21, $2,529,753 in FY22 and $2,929,271 in FY23 from the tax revenues generated from the retail sales of medical marijuana. The Initiatives make no significant changes to that program, but the adverse impact the Initiatives pose to the Commission is in the creation of the non-medical marijuana program. The medical marijuana program is predicated on medical need and the physician certification that marijuana is the appropriate treatment for that medical need. Conversely, the non-medical marijuana program has no requirement for medical need or for physician certification. It is only common sense that those wishing to use marijuana products will forego the inconvenience of establishing medical need and obtaining a physician's certification and avail themselves of the non-medical program regardless of their reason for wanting to use marijuana products. Therefore, we anticipate a significant reduction in the tax revenues generated by the medical marijuana program, perhaps as high as a 90% reduction, should the Initiatives become law.

Moreover, given the significantly different distribution of tax revenues provided for under the non-medical marijuana program, we do not anticipate that our portion of the tax revenues generated under the non-medical program will defray the reduction we would experience under the medical marijuana program. Specifically, the medical marijuana program establishes a 4% tax on all retail sales of medical marijuana and allocates to the Commission all of those proceeds minus 5% to the Department of Revenue and an amount to the Department of Health and Senior Services necessary to defray their costs in regulating the program. Conversely, the non-medical marijuana program establishes a 15% tax on all retail sales of non-medical marijuana and allocates to the Commission one-third of those proceeds minus 2% to the Department of Revenue, an amount to the Department of Health and Senior Services necessary to defray their costs in regulating the program, and 3/15 to the local jurisdiction in which the sale took place. Despite the increased tax rate under the non-medical program, we anticipate receiving a significantly smaller portion of the tax revenues collected given the smaller allocation amount dedicated to the Commission.

Finally, the purpose for which the Commission may use its portion of the tax proceeds will essentially eliminate our ability to initiate construction projects to improve our physical facilities. Specifically, the medical marijuana program allows the Commission to use those proceeds for "for health and care services for military veterans, including the following purposes: operations, *maintenance and capital improvements* of the Missouri veterans homes, the Missouri service officer's program, and other services for veterans approved by the commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness." (Emphasis added) That is essentially everything that the Commission does and clearly affords the Commission the flexibility necessary to address the needs of Missouri's veterans as they change over time. Conversely, the non-medical marijuana program requires the Commission to use its significantly reduced portion of the tax revenues strictly for "*health care and other services* for military veterans and their dependent families". (Emphasis added) This language will severely limit our ability to adjust our facilities to meet the changing needs of Missouri's veterans.

In closing, Initiative Petitions 2020-125 and 2020-126 will adversely impact the ability of the Missouri Veterans Commission to serve the veterans of Missouri for the reasons set forth above. If I can be of any further assistance on this issue, please contact me at (573) 751-4066 at your convenience.

Sincerely,

Grace Link

Grace Link
Executive Director
Missouri Veterans Commission

Officials from the **Missouri Office of Prosecution Services** indicated there is no fiscal impact to their office. The enactment of a new crime [Section 2.10(6)(c)] creates additional responsibilities for county prosecutors which may in turn result in additional costs which are difficult to determine.

Mark R. Reading provided the following information:

Submitted by:

_____

Mark R. Reading
Jefferson City, MO 65109
(573) 694-6828
Primary Contact Person

Initiative Petition 2020-126
Marijuana Legalization, Regulation, and Taxation

Proposed Statement of Fiscal Impact

=
Fiscal Impact Information Submitted Pursuant to Section 23.140.2

The amendment's estimated state revenue is $197.9 million when fully implemented, including $27.6 million each for veterans, infrastructure, and health programs. General revenue and other state funds benefit by $48.4 million, and $27.2 million in local revenue is estimated.

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	5-year Total
General Revenue	$0	$9,686,290	$20,993,899	$30,295,000	$38,826,867	$99,802,056
Veterans, Infrastructure, and Health Fund	$2,666,000	$4,472,000	$48,305,110	$81,685,223	$122,258,755	$259,387,089
Other State Dedicated Funds	$0	$540,584	$3,639,638	$6,365,681	$9,576,776	$20,122,678
Total Estimated Net Effect on All State Funds	$2,666,000	$14,698,874	$72,938,647	$118,345,903	$170,662,397	$376,645,822
Total Estimated Net Effect on All Local Funds	$0	$0	$10,244,526	$18,033,219	$27,207,776	$55,485,521
Total Estimated Net Effect on Federal Funds	$0	$0	$0	$0	$0	$0
Total All Funds	$2,666,000	$14,698,874	$83,183,173	$136,379,122	$197,870,174	$434,797,343

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ANALYSIS OF FISCAL IMPACT OF MEDICAL MARIJUANA PETITION

The fiscal impact analysis contained herein focuses on estimating the fee and tax revenue resulting from the constitutional amendment proposed in the initiative petition. Table 1 summarizes the revenue and savings estimated by source and by fiscal year.

Table 1 - Summary of Tax, Application and License Fees, Revenue, and Savings by Fund

Purpose	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	5-year total
Marijuana Cultivation Facilities	$720,000	$1,500,000	$1,500,000	$1,500,000	$1,800,000	$7,020,000
Marijuana-Infused Products Manufacturing Facilities	$602,000	$860,000	$860,000	$860,000	$1,118,000	$4,300,000
Marijuana Dispensary Facilities	$1,344,000	$1,920,000	$1,920,000	$1,920,000	$2,496,000	$9,600,000
Marijuana Microbusiness Facilities	$0	$192,000	$120,000	$120,000	$240,000	$672,000
15% sales tax	$0	$0	$43,905,110	$77,285,223	$116,604,755	$237,795,089
subtotal Veterans, Infrastructure, and Health Fund	$2,666,000	$4,472,000	$48,305,110	$81,685,223	$122,258,755	$259,387,089
General Revenue sales tax	$0	$0	$8,781,022	$15,457,045	$23,320,951	$47,559,018
General Revenue budget savings	$0	$9,686,290	$12,212,877	$14,837,955	$15,505,916	$52,243,038
subtotal GR	$0	$9,686,290	$20,993,899	$30,295,000	$38,826,867	$99,802,056
Prop C sales tax	$0	$0	$2,927,007	$5,152,348	$7,773,650	$15,853,006
Conservation sales tax	$0	$0	$365,876	$644,044	$971,706	$1,981,626
Parks and Soils sales tax	$0	$0	$292,701	$515,235	$777,365	$1,585,301
Criminal Records System Fund	$0	$540,584	$54,054	$54,054	$54,054	$702,746
subtotal Other State Funds	$0	$540,584	$3,639,638	$6,365,681	$9,576,776	$20,122,678
subtotal all state funds	$2,666,000	$14,698,874	$72,938,647	$118,345,903	$170,662,397	$379,311,822
Local Sales Tax	$0	$0	$10,244,526	$18,033,219	$27,207,776	$55,485,521
Grand Total State and Local	$2,666,000	$14,698,874	$83,183,173	$136,379,122	$197,870,174	$434,797,343

This is the allocation table of the new Veterans, Infrastructure, and Health Fund. More explanation can be found on page 20.

Table 2 - Allocation of Veterans, Infrastructure, and Health Fund

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	5-year total
Veterans, Infrastructure, and Health Fund						
Sales tax revenue - received	$0	$0	$43,905,110	$77,285,223	$116,604,755	$237,795,089
Application and license fees	$2,666,000	$4,472,000	$4,400,000	$4,400,000	$5,654,000	$21,592,000
Total VIH fund collections	$2,666,000	$4,472,000	$48,305,110	$81,685,223	$122,258,755	$259,387,089
Administration of tax and program						
Department of Revenue (2% of collections)	($53,320)	($89,440)	($966,102)	($1,633,704)	($2,445,175)	($5,187,742)
Department of Health and Senior Services (for administration)	($2,612,680)	($4,382,560)	($15,668,590)	($15,981,962)	($16,301,601)	($54,947,393)
Remainder to distribute to major purposes	$0	$0	$31,670,418	$64,069,557	$103,511,979	$199,251,954
Major Purposes						
Local governments (3/15ths of remainder)	$0	$0	$6,334,084	$12,813,911	$20,702,396	$39,850,391
Veterans (one-third after local govt.)	$0	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
Infrastructure (one-third after local govt.)	$0	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
Health (one-third after local govt.)	$0	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
subtotal for major purposes	$0	$0	$31,670,418	$64,069,557	$103,511,979	$199,251,954
Total allocated	$2,666,000	$4,472,000	$48,305,110	$81,685,223	$122,258,755	$259,387,089

Implementation dates required by Petition 2020-126

Table 3 below identifies the implementation dates prescribed in the petition. All fiscal estimates in this analysis assume that the Department of Health and Senior Services, and all other state and local governments affected by this petition will meet the deadlines required by the petition.

TABLE 3 - Implementation Schedule	
11/3/2020	Election Day - Voter Approval
12/3/2020	30 days after election - effective date of constitutional amendment
2/1/2021	Prospective applicants shall notify DHSS of their intent to apply and prefile their application fee for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, and Marijuana-Infused Products Manufacturing Facilities.
270 days after effective date of constitutional amendment	
8/30/2021	DHSS shall make available license application forms and application instructions for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, Marijuana-Infused Products Manufacturing Facilities and Marijuana Microbusiness Facilities, and any other license types and certifications it deems necessary.
365 days after effective date of constitutional amendment	
12/3/2021	DHSS shall begin accepting application forms for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, Marijuana-Infused Products Manufacturing Facilities, Marijuana Microbusiness Facilities, Seed-to-Sale tracking systems, and transportation of marijuana from medical marijuana facilities with similar licenses
180 days after DHSS begins accepting application forms it begins approving licenses	
6/1/2022	For any application submitted on the day required under the constitutional provisions, DHSS shall have approved or denied application forms for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, Marijuana-Infused Products Manufacturing Facilities, and Marijuana Microbusiness Facilities. All applications must be approved or denied within 180 days of submission to DHSS thereafter.
First November national election date after initial statewide voter approval	
11/8/2022	Local governments can seek elections to prohibit operation of all or any category of marijuana facilities in their jurisdiction.
815 days after effective date of constitutional amendment	
2/26/2023	270 days after DHSS begins issuing licenses (6/1/22) DHSS may issue 6 additional microbusiness licenses per Congressional district.
1,093 days after effective date of constitutional amendment	
12/1/2023	548 days after DHSS begins issuing licenses (6/1/22) DHSS shall begin approving licenses for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, Marijuana-Infused Products Manufacturing Facilities, Marijuana Microbusiness Facilities, Seed-to-Sale tracking systems, and transportation of marijuana from non-medical marijuana facility applicants. DHSS may issue 6 additional microbusiness licenses per Congressional district.

Cultivation Application and License fees

The proposal provides for the licensing of Marijuana Cultivation Facilities. The DHSS is required to charge a one-time non-refundable application fee of $12,000. Once granted, the DHSS is required to charge an annual license fee of $25,000. Renewal fees are $5,000 after three years.

As seen in Table 3, the DHSS is required to make application forms available no later than 270 days after the effective date of the new constitutional provisions – which will be August 30, 2021. The DHSS is required to begin accepting applications no later than 365 days after the effective date of the new constitutional provisions – which will be December 3, 2021. The proposal requires that prospective applicants shall notify DHSS of their intent to apply and prefile their application fee by February 1, 2021, in FY 2021. The proposal also provides that for the first 548 days after the DHSS begins to license facilities it may only accept applications for licensure from entities holding medical marijuana cultivation facility licenses. The first adult use marijuana licenses awarded to entities that are not medical marijuana licensees will begin December 1, 2023 (state fiscal year FY 2024).

Table 4 shows the calculation of the fee revenue estimated at $720,000 in FY 2021, $1.5 million from FY 2022 to FY 2024, and $1.8 million in FY 2025. Other assumptions include:

- The DHSS is expected to license 60 medical marijuana cultivation facilities in compliance with the medical marijuana constitutional provisions. These are the only facilities eligible for licensure for the first and second years after the election.
- Since the application award happens by June 2022, it is assumed that the licensees will pay the annual license fee in FY 2022 and the renewal license fee payment will occur in FY 2025.
- During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana and placed a University of Missouri market study on its website about the subject. Given the department's stated hesitancy, this analysis assumes no new additional facilities will be licensed during the period. Thus, the revenue estimate is conservative as the department moves slowly to license additional facilities. Only the renewal costs are included in the long-range forecast.

Table 4 shows:

- Application fees - $720,000 in FY 2021 and $0 in FY 2022-FY 2025.
- Renewal fees - $300,000 in FY 2025.
- Annual license fees - $1.5 million from FY 2022 to FY 2025.

Table 4 - Cultivation Facilities - Fee Revenues

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable application fee	$12,000	$12,000	$12,000	$12,000	$12,000
Renewal fee					$5,000
Applicants					
Medical marijuana licenses eligible year 1	60	0	0	0	60
New additional licenses	0	0	0	0	0
subtotal Non-Refundable Fee revenues	$720,000	$0	$0	$0	$300,000
Annual license fee	$25,000	$25,000	$25,000	$25,000	$25,000
Licenses					
Medical marijuana licenses eligible year 1	0	60	60	60	60
New additional licenses	0	0	0	0	0
subtotal Annual License Fee revenues	$0	$1,500,000	$1,500,000	$1,500,000	$1,500,000
Total Cultivation license & fee revenues	$720,000	$1,500,000	$1,500,000	$1,500,000	$1,800,000

Marijuana-Infused Products Manufacturing Facilities Application and License fees

The proposal provides for the licensing of Marijuana-Infused Products Manufacturing Facilities. The DHSS is required to charge a one-time non-refundable application fee of $7,000. Once granted, the DHSS is required to charge an annual license fee of $10,000. Renewal fees are $3,000 after three years.

As seen in Table 3, the DHSS is required to make application forms available no later than 270 days after the effective date of the new constitutional provisions – which will be August 30, 2021. The DHSS is required to begin accepting applications no later than 365 days after the effective date of the new constitutional provisions – which will be December 3, 2021. The proposal requires that prospective applicants shall notify DHSS of their intent to apply and prefile their application fee by February 1, 2021, in FY 2021. The proposal also provides that for the first 548 days after the DHSS begins to license facilities it may only accept applications for licensure from entities holding medical marijuana infused products facility licenses. The first adult use marijuana licenses awarded to entities that are not medical marijuana licensees will begin December 1, 2023 (state fiscal year FY 2024).

Table 5 shows the calculation of the fee revenue estimated at $602,000 in FY 2021, $860,000 in FY 2022-FY 2024, and $1.1 million in FY 2025. Other assumptions include:

- The DHSS is expected to license 86 medical marijuana-infused products manufacturing facilities in compliance with the medical marijuana constitutional provisions. These are the only facilities eligible for licensure for the first and second years after the election.
- Since the application award happens by June 2022, it is assumed that the licensees will pay the annual license fee in FY 2022 and the renewal license fee payment will occur in FY 2025.
- During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana and placed a University of Missouri market study on its website about the subject. Given the department's stated hesitancy, this analysis assumes no new additional facilities will be licensed during the period. Thus, the revenue estimate is conservative as the department moves slowly to license additional facilities. Only the renewal costs are included in the long-range forecast.

Table 5 shows:

- Application fees - $602,000 in FY 2021 and $0 from FY 2022-FY 2025.
- Renewal fees - $258,000 in FY 2025.
- Annual license fees - $860,000 from FY 2022-FY 2025.

Table 5 - Infused Products Manufacturing Facilities - Fee Revenues

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable application fee	$7,000	$7,000	$7,000	$7,000	$7,000
Renewal fee					$3,000
Applicants					
Medical marijuana licenses eligible year 1	86	0	0	0	86
New additional licenses	0	0	0	0	0
subtotal Non-Refundable Fee revenues	$602,000	$0	$0	$0	$258,000
Annual license fee	$10,000	$10,000	$10,000	$10,000	$10,000
Licenses					
Medical marijuana licenses eligible year 1	0	86	86	86	86
New additional licenses	0	0	0	0	0
subtotal Annual License Fee revenues	$0	$860,000	$860,000	$860,000	$860,000
Total Infused Product Manufacturing license & fee revenues	$602,000	$860,000	$860,000	$860,000	$1,118,000

Marijuana Dispensary Facilities Application and License fees

The proposal provides for the licensing of Marijuana Dispensary Facilities. The DHSS is required to charge a one-time non-refundable application fee of $7,000. Once granted, the DHSS is required to charge an annual license fee of $10,000. Renewal fees are $3,000 after three years.

As seen in Table 3, the DHSS is required to make application forms available no later than 270 days after the effective date of the new constitutional provisions – which will be August 30, 2021. The DHSS is required to begin accepting applications no later than 365 days after the effective date of the new constitutional provisions – which will be December 3, 2021. The proposal requires that prospective applicants shall notify DHSS of their intent to apply and prefile their application fee by February 1, 2021, in FY 2021. The proposal also provides that for the first 548 days after the DHSS begins to license facilities it may only accept applications for licensure from entities holding medical marijuana dispensary facility licenses. The first adult use marijuana licenses awarded to entities that are not medical marijuana licensees will begin December 1, 2023 (state fiscal year FY 2024).

Table 6 shows the calculation of the fee revenue estimated at $1.3 million in FY 2021 and $1.9 million in FY 2022-FY2024, and $2.5 million in FY 2025. Other assumptions include:

- The DHSS is expected to license 192 medical marijuana dispensary facilities in compliance with the medical marijuana constitutional provisions. These are the only facilities eligible for licensure for the first and second years after the election.

- Since the application award happens by June 2022, it is assumed that the licensees will pay the annual license fee in FY 2022 and the renewal license fee payment will occur in FY 2025.
- During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana and placed a University of Missouri market study on its website about the subject. Given the department's stated hesitancy, this analysis assumes no new additional facilities will be licensed during the period. Thus, the revenue estimate is conservative as the department moves slowly to license additional facilities. Only the renewal costs are included in the long-range forecast.

Table 6 shows:

- Application fees - $1,344,000 in FY 2021 and $0 from FY 2022-FY2025.
- Renewal fees: $576,000 in FY 2025.
- Annual license fees - $1.9 million from FY 2022-FY 2025.

Table 6 - Dispensary Facilities - Fee Revenues

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable application fee	$7,000	$7,000	$7,000	$7,000	$7,000
Renewal fee					$3,000
Applicants					
Medical marijuana licenses eligible year 1	192	0	0	0	192
New additional licenses	0	0	0	0	0
subtotal Non-Refundable Fee revenues	$1,344,000	$0	$0	$0	$576,000
Annual license fee	$10,000	$10,000	$10,000	$10,000	$10,000
Licenses					
Medical marijuana licenses eligible year 1	0	192	192	192	192
New additional licenses	0	0	0	0	0
subtotal Annual License Fee revenues	$0	$1,920,000	$1,920,000	$1,920,000	$1,920,000
Total Dispensary license & fee revenues	$1,344,000	$1,920,000	$1,920,000	$1,920,000	$2,496,000

Marijuana Microbusiness Facilities Application and License fees

The proposal provides for the licensing of Marijuana Microbusiness Facilities. The DHSS is required to charge a one-time non-refundable application fee of $1,500. Once granted, the DHSS is required to charge an annual license fee of $2,500. Renewal fees are $2,500 after three years.

As seen in Table 3, the DHSS is required to make application forms available no later than 270 days after the effective date of the new constitutional provisions – which will be August 30, 2021. The DHSS is required to begin accepting applications no later than 365 days after the effective date of the new constitutional provisions – which will be December 3, 2021. Both deadlines are in FY 2022 of the Missouri state government budget. It is assumed that no revenues will be received before FY 2022. The proposal also provides that for the first 365 days after the DHSS may only accept applications for licensure from entities holding similar medical marijuana facility licenses.

Table 7 shows the calculation of the fee revenue estimated at $192,000 in FY 2022, $120,000 in FY 2023-FY 2024, and $240,000 in FY 2025. Other assumptions include:

- Marijuana Microbusiness Facilities are not included in the medical marijuana program.
- The proposal provides that a minimum of six such licenses be issued within each of Missouri's eight U.S. Congressional districts when licenses are first issued.
- Since the application periods open in the middle of the year it is assumed that the licensees will pay both the non-refundable application fee and the annual license fee in the same year.
- Since application fees are non-refundable additional revenue may be collected in FY 2023 from any applicant that is ultimately refused a license. This possible revenue is not calculated into this revenue estimate.
- During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana and placed a University of Missouri market study on its website about the subject. Given the department's stated hesitancy, this analysis assumes no new additional facilities will be licensed during the period. Thus, the revenue estimate is conservative as the department moves slowly to license additional facilities. Only the renewal costs are included in the long-range forecast.

Table 7 shows:

- Application fees - $72,000 in FY 2022 and $0 from FY 2023-2025.
- Renewal fees - $120,000 in FY 2025.
- Annual license fees - $120,000 from FY 2022-FY 2025.

Table 7 - Microbusiness Facilities - Fee Revenues

	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable application fee	$1,500	$1,500	$1,500	$1,500
Renewal fee				$2,500
Licenses				
Year 1 - estimate (minimum 6/Congressional Dist.)	48			48
New additional licenses	0	0	0	0
subtotal Non-Refundable Fee revenues	$72,000	$0	$0	$120,000
Annual license fee	$2,500	$2,500	$2,500	$2,500
Licenses				
Medical marijuana licenses eligible year 1	48	48	48	48
New additional licenses	0	0	0	0
subtotal Annual License Fee revenues	$120,000	$120,000	$120,000	$120,000
Total Microbusiness license & fee revenues	$192,000	$120,000	$120,000	$240,000

States that have approved adult use marijuana

Ten states and Washington D.C. have approved adult use marijuana. Nine received approval from voters while Illinois passed legislation to do so. Table 8 shows that Colorado and Oregon were the first approve adult use marijuana in November 2012. The table also shows when sales started and the length of time in months from approval to first sales. At this point only Colorado, Washington, and Oregon have had sales of at least three years to provide the best data necessary to fully understand the longer-range revenue prospects for adult use marijuana. Alaska is close to having three years' experience. However, it took Alaska longer to implement its program. Alaska also has a small program and uses an excise tax that makes it less comparable to the first three which have similar taxes as that proposed in the Missouri initiative petition. This fiscal note will focus on data from Colorado, Washington, and Oregon in the analysis.

Table 8 - States with Adult Use Marijuana

State	Approved by voters or legislature	Month/year sales started or anticipated	Months from election to sales
Colorado	November 2012	January 2014	15
Washington	November 2012	July 2014	21
Oregon	November 2014	February 2016	15
Alaska	November 2014	October 2016	23
Nevada	November 2016	July 2017	9
California	November 2016	January 2018	15
Massachusetts	November 2016	November 2018	24
Maine	November 2016	March 2020	40
Michigan	November 2018	May 2020	18
Illinois	June 2019	January 2020	6
Missouri (if approved)	November 2020	July 2022	21

Many factors will influence the size of the adult use marijuana program. Having selected three states as the focus of the analysis, four factors in particular will be reviewed.

- Marijuana usage in the states – a review of how Missouri's reported marijuana usage compares to other states to help determine the possible base line for the initial years of the program.
- Initial sales and growth over time.
- Initial infrastructure for sales and its effect on sales.
- Tourism in the states to help determine the impact of sales in Missouri.

Marijuana Usage

Table 9 provides another way to think about the states that have approved adult use marijuana and its possible use in Missouri and revenue estimates. Table 9 shows the percent of those age 18 and over who indicate use of marijuana in the past year from 2012 to 2017 published by the U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. The 2016-2017 data is the most recently published. The table is sorted by marijuana usage in 2012-2013 which is the last data before adult use marijuana was available in any state. The top 30 states and the national average are shown.

The states that have legalized adult use marijuana are highlighted in blue. All but Illinois, the last state that made it legal, were in the top 15 states for marijuana use in the past year in 2012-2013 and all were above the U.S. national average. Legal medical marijuana programs may be a factor in the higher percentage reported in some of these states. Missouri's 2012-2013 rate of 11.41% is substantially below all of the states that have started sales of adult use marijuana and in every year thereafter. Illinois and Missouri have nearly the same rate of use at the start and end of this timeline. The green boxes are the

last year for each state before adult use sales started which also highlights the fact that only a few states have three full years of experience with revenues.

Table 9. Marijuana Use in the Past Year, by Age Group and State: Percentages, Annual Averages Based on NSDUH

Rank	State	2012-2013 - 18 or Older Estimate	2013-2014 - 18 or Older Estimate	2014-2015 - 18 or Older Estimate	2015-2016 - 18 or Older Estimate	2016-2017 - 18 or Older Estimate
1	Rhode Island	20.21%	19.13%	19.04%	20.62%	21.24%
2	Alaska	20.16%	19.86%	22.31%	23.46%	23.43%
3	Oregon	19.21%	19.50%	19.59%	23.19%	27.38%
4	Vermont	19.04%	20.11%	20.80%	22.32%	24.34%
5	Colorado	18.94%	20.74%	23.57%	23.82%	25.65%
6	Washington	17.58%	19.06%	17.68%	19.45%	23.21%
7	Maine	16.26%	19.76%	19.88%	20.12%	22.46%
8	Montana	15.78%	14.13%	15.45%	18.54%	19.86%
9	Massachusetts	15.62%	17.38%	18.47%	19.02%	20.28%
10	Michigan	15.12%	15.65%	15.21%	15.81%	16.94%
11	New Hampshire	15.11%	16.85%	17.44%	17.89%	18.90%
12	New Mexico	14.73%	15.57%	14.67%	15.88%	17.71%
13	New York	14.08%	14.26%	15.21%	15.09%	14.74%
14	Nevada	13.91%	12.86%	12.89%	12.98%	17.06%
15	California	13.85%	14.44%	15.36%	16.54%	17.81%
16	Connecticut	13.78%	13.83%	15.68%	15.18%	16.37%
17	Delaware	13.71%	13.87%	13.06%	13.07%	14.92%
18	Hawaii	13.19%	12.46%	12.62%	13.02%	13.29%
19	Ohio	12.76%	11.59%	12.21%	14.00%	13.92%
20	Arizona	12.71%	13.53%	13.08%	12.26%	14.14%
	Total U.S.	12.22%	12.87%	13.41%	13.85%	14.73%
21	Virginia	12.22%	13.08%	11.55%	11.11%	11.92%
22	Minnesota	11.93%	12.28%	12.82%	12.92%	13.78%
23	Illinois	11.56%	12.17%	12.56%	12.36%	13.88%
24	South Carolina	11.53%	11.45%	12.61%	10.89%	11.14%
25	Missouri	11.41%	12.75%	13.59%	13.26%	13.95%
26	Georgia	11.30%	11.82%	12.79%	12.64%	11.78%
27	Florida	11.23%	11.67%	12.51%	13.10%	13.71%
28	Maryland	11.16%	13.33%	15.20%	15.67%	15.65%
29	Pennsylvania	11.15%	11.63%	12.40%	13.25%	13.47%
30	Indiana	10.93%	12.90%	13.89%	13.33%	14.54%

Source: SAMHSA, Center for Behavioral Health Statistics and Quality, National Survey on Drug Use and Health[i]

Table 10 compares Missouri's base year to Colorado, Washington, and Oregon. Missouri's 13.95% base year is between 3.63% to 5.64% lower than the three states.

Table 10 - Base Year 18 years or older % Marijuana Use in Past Year			
	Base Year Marijuana Usage	Base year rate	Difference in rate from MO
Missouri	2016-2017	13.95%	
Colorado	2012-2013	18.94%	4.99%
Washington	2012-2013	17.58%	3.63%
Oregon	2014-2015	19.59%	5.64%

Table 11 shows how the percentage of those age 18 and older reporting marijuana use changed in the first three years of adult use marijuana sales for Colorado, Washington, and Oregon. In each state the percentage went up over the three years. In the first year the Colorado rate increased 1.8%, Washington by slightly less at 1.48%, and Oregon by 3.6%. The percentage increase in use at the end of the three years compared to the base year percentage was substantially different in each state – Colorado (4.88%), Washington (1.87%), and Oregon (7.79%). Given the lower base year in Missouri shown in Table 10 it seems unlikely that it will increase to the levels shown in the other states in Table 11. Adding Washington's roughly 2.0% increase to Missouri's rate would bring it to 15.95% which is lower than where the other three states started.

Table 11 - Marijuana Use in the Past Year		
	% use age 18 and older	Change in rate
Colorado		
Base year (2012-2013)	18.94%	
Year 1	20.74%	1.80%
Year 2	23.57%	2.83%
Year 3	23.82%	0.25%
overall change base to year 3		4.88%
Washington		
Base year (2012-2013)	17.58%	
Year 1	19.06%	1.48%
Year 2	17.68%	-1.38%
Year 3	19.45%	1.77%
overall change base to year 3		1.87%

Initial infrastructure for adult use marijuana

Table 12 shows the number of retail stores over the first three years in Colorado, Washington, and Oregon. Colorado and Washington start with roughly the same number of retail outlets. Oregon data is unavailable because the program did not establish the statistical infrastructure to collect it in the early years. The Department of Health and Senior Services intends to license 192 medical marijuana dispensaries – the minimum required under that constitutional amendment. The proposed petition provides that for the first year and a half only the medical marijuana dispensaries can be permitted to provide adult use marijuana.

During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana. The department placed on its website a University of Missouri market study that estimates substantially fewer medical marijuana patients than estimated in the ballot language for voters in November 2018. The study reflects concern that oversupply will affect product price and thus the economic feasibility of the envisioned facilities throughout the state. The study also reflects concern about possible diversion of oversupply to the illegal market. In addition, we are aware of reports that Oregon has an oversupply of marijuana.

For these reasons, the estimates assume that the number of Missouri dispensaries will grow more slowly than those in the three states on which the analysis is based. Thus, both application and license fee revenue will be lower as will the likely spending per person in this analysis.

Table 12 - Retail Marijuana Dispensaries in Other States

	# of stores	Change in #	% change
Colorado			
January 2014	161		
January 2015	356	195	121.1%
January 2016	422	66	18.5%
change over 3 years		261	162.1%
Washington			
FY 2015 - applications	175		
FY 2016 - active	525	350	200.0%
FY 2017 - active	507	(18)	(3.4%)
change over 3 years		332	189.7%
Oregon			
FY 2015	N/A		
FY 2016	N/A	0	#DIV/0!
FY 2017	N/A	0	#DIV/0!
change over 3 years		0	#DIV/0!

Marijuana sales over the first three years in other states

Table 13 shows data for the first three years of sales in Colorado[ii], Washington[iii], and Oregon[iv]. The population used for each year is from the estimates made by the U.S. Census Bureau.[v]

Colorado ($56.57/capita) and Washington ($37.24/capita) have year one sales lower than Oregon ($94.05/capita). Dividing the population of the three states into the total sales gives a first-year per capita sale of $57.74/capita. Washington had an unregulated medical marijuana program. Its lower per capita sales may be a function of the fact that it was harder to flip to adult use marijuana than in Oregon which had a regulated medical marijuana program.

By year three the Washington ($190.97) had grown dramatically from its low start. Oregon ($132.90) per capita sales which started as the highest per capita sales are the lowest by year three.

Table 13 - First 3 full-years of Marijuana Sales Retail Value for Colorado, Washington, and Oregon

State/year	Year of starting month	Population	Marijuana sales	$ per capita spent on Retail marijuana
Colorado				
Year 1	2014	5,351,218	$303,239,699	$56.67
Year 2	2015	5,452,107	$577,536,343	$105.93
Year 3	2016	5,540,921	$861,587,411	$155.50
Washington				
Year 1	2014	6,968,170	259,524,430.41	$37.24
Year 2	2015	7,061,410	786,404,467.45	$111.37
Year 3	2016	7,183,700	1,371,862,186.37	$190.97
Oregon				
Year 1	2016	4,091,404	$384,797,226	$94.05
Year 2	2017	4,146,592	$419,924,401	$101.27
Year 3	2018	4,190,713	$556,959,330	$132.90
Combined 3 state totals				
Year 1		16,410,792	947,561,355	$57.74
Year 2		16,660,109	1,783,865,211	$107.07
Year 3		16,915,334	2,790,408,928	$164.96

Table 14 shows the dollar per capita and percentage growth in the first three years of sales. Washington with its low start had very high growth in year 2. Colorado grew by 86.9%. In year two Oregon's growth slowed but it had dollar per capita sales very similar to Colorado. The combined 3 state totals are weighted by population and show 85.4% growth in the second year and 54.1% growth in the third year.

Table 14 - First 3 full-years of Marijuana Sales Retail Value for Colorado, Washington, and Oregon

State/year	$ per capita spent on Retail marijuana	$ Change in $/capita	% change in $/capita
Colorado			
Year 1	$56.67		
Year 2	$105.93	$49.26	86.9%
Year 3	$155.50	$49.57	46.8%
3-year change		$98.83	174.4%
Washington			
Year 1	$37.24		
Year 2	$111.37	$74.12	199.1%
Year 3	$190.97	$79.60	71.5%
3-year change		$153.72	412.8%
Oregon			
Year 1	$94.05		
Year 2	$101.27	$7.22	7.7%
Year 3	$132.90	$31.63	31.2%
3-year change		$38.85	41.3%
Combined 3 state totals			
Year 1	$57.74		
Year 2	$107.07	$49.33	85.4%
Year 3	$164.96	$57.89	54.1%
3-year change		$107.22	185.7%

Tourism

A portion of adult use marijuana sales are the result of visitors to the states that have approved such sales. Table 15 provides tourism data for Colorado, Washington, Oregon, and Missouri[vi]. Both Colorado and Washington have more than twice the number of visitor nights compared to its population as Missouri. In addition, Missouri's spending by visitors compared to population is substantially less than that of Colorado and Washington. The Oregon and Missouri numbers are similar on visitor nights but Missouri lags behind the Oregon spending level. It has been estimated that tourism accounts for less than 10% of Colorado's sales.[vii]

While Missouri may see an uptick of travelers and tourist dollars as a result of adult use marijuana sales it is starting at a significantly lower base to make a dramatic impact on tax collections.

Table 15 - Tourism Visitors and Spending

	Colorado	Washington	Oregon	Missouri
Population estimate 2018	5,695,564	7,535,591	4,190,713	6,126,452
# of visitor nights	85,200,000	128,700,000	29,100,000	42,000,000
Visitors per population	14.96	17.08	6.94	6.86
$ spending of visitors	$22,300,000,000	$24,400,000,000	$12,300,000,000	$13,500,000,000
Spending per population	$3,915.33	$3,237.97	$2,935.06	$2,203.56

Adult Use Marijuana Sales in Missouri

Table 16 provides a range for possible adult use marijuana sales for the first three years of the program. The population calculations were calculated using data from the Office of Administration, Division of Budget and Planning.[viii]

High-end estimate - assumes the population weighted combined 3 state totals from Colorado, Oregon, and Washington shown in Table 14 above. Per capita sales start at $57.74 and grow by 85.4% and 54.1% respectively in years 2 and 3. However, Missouri's base year marijuana usage, as shown in Table 10 is 3.63% to 5.64% below the starting base year for these three states. The value of adult use marijuana sales starts at $375.6 million in year 1 and grows to $1,086 million in year 3.

Low-end estimate - begins at Washington's $37.24/capita starting point. Missouri's marijuana usage is lower. However, Missouri will have a regulated medical marijuana program that Washington did not have when the adult use program began. The low-end estimate assumes the growth in the combined 3 state totals shown in Table 14 of 85.4% and 54.1% respectively in years 2 and 3. The value of adult use marijuana sales starts at $242.2 million in year 1 and grows to $700.2 million in year 3.

Moderate estimate - starts at $45 per capita. This is $11.67/capita lower, about 20% lower, than Colorado. It's higher than Washington's level which was suppressed in year 1. The moderate estimate assumes growth of 75% in year 2 and 50% in year 3.

As noted in Table 14 the three states had different paths to their three-year sales levels. Washington started much lower but had the highest growth in years 2 and 3. Oregon started with high sales per capita but very little growth in year 2 and moderate growth in year 3. The value of adult use marijuana sales starts at $292.7 million in year 1 and grows to $774.4 million in year 3.

The moderate estimate is conservative based on the data reviewed in the pages above.

- Missouri's base year marijuana usage according to federal surveys is lower than the level in Colorado, Oregon, and Washington at the start of the adult use marijuana program.
- Missouri has fewer tourists that could boost sales.

- The department has expressed concern about demand and will likely move more slowly than the other states in adding dispensaries and other facilities.
- Prices for adult use marijuana are difficult to estimate and are likely to decrease over the first few years as supply increases as has happened in the other states.
- It also reflects the difficulty of estimating a new program with limited experience in the other states and the need to make conservative budget assumptions for a healthy program.

Table 16 – Adult Use Marijuana Sales in Missouri

			Low End Estimate		Moderate Estimate		High End Estimate	
	Fiscal Year	Missouri Population	Per capita	Value of Adult use Sales	Per capita	Value of Adult use Sales	Per capita	Value of Adult use Sales
Year 1	2023	6,504,461	$37.24	$242,226,120	$45.00	$292,700,736	$57.74	$375,567,567
Year 2	2024	6,542,664	$69.04	$451,724,916	$78.75	$515,234,822	$107.07	$700,523,077
Year 3	2025	6,580,868	$106.40	$700,172,776	$118.13	$777,365,033	$164.96	$1,085,579,985

Tax, License, and Fee Revenue Estimate

Table 17 uses the moderate estimate of sales to calculate the tax revenues for the new Veterans, Infrastructure, and Health Fund, state general revenue, other state funds, and local funds. The local funds calculation assumes a 3.5% median sales tax derived from the Department of Revenue's list of 2,361 local sales tax rates.[ix] The first licenses will be awarded by early June 2022. The estimates assume the department will issue the license and complete the department's final inspection and other tasks with tax revenue beginning in July 2022 (FY 2023).

Combined State and local tax, fee, and license collections:

- A total all state and local funds of $2.7 million in FY 2021 rising to $182.3 million in FY 2025.
- A five-year total of $381.9 million in all state and local funds.

State license and fee collections:

- Total state funds of $2.7 million in FY 2021 and $5.7 million in FY 2025.
- A five-year total of $21.6 million in state funds.

State tax collections:

- A total all state funds of $56.3 million in FY 2023 rising to $149.4 million in FY 2025.
- A five-year total of $304.8 million in all state funds.
- Veterans, Infrastructure, and Health Fund: $43.9 million in FY 2023 rising to $116.6 million in FY 2025.
- General Revenue Fund: $8.8 million in FY 2023 rising to $23.3 million in FY 2025.
- Prop C: $2.9 million in FY 2023 rising to $7.8 million in FY 2025.
- Conservation: $365,876 in FY 2023 rising to $971,706 in FY 2025.
- Parks and Soils: $292,701 in FY 2023 rising to $777,365 in FY 2025.

Local tax collections:

- Total local funds of $10.2 million in FY 2023 rising to $27.2 million in FY 2025.
- A five-year total of $55.5 million in local funds.

Table 17 - Missouri Tax, License, and Fee Revenue Estimate

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	5-year total
Value of sales taxed	$0	$0	$292,700,736	$515,234,822	$777,365,033	$1,585,300,590
SALES TAX COLLECTIONS						
Veterans, Infrastructure, and Health Fund						
Proposed Missouri sales tax rate	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Sales tax revenue	$0	$0	$43,905,110	$77,285,223	$116,604,755	$237,795,089
License and fee revenue	$2,666,000	$4,472,000	$4,400,000	$4,400,000	$5,654,000	$21,592,000
subtotal VIH fund	$2,666,000	$4,472,000	$48,305,110	$81,685,223	$122,258,755	$259,387,089
General Revenue						
GR statutory sales tax rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Sales tax revenue	$0	$0	$8,781,022	$15,457,045	$23,320,951	$47,559,018
Prop C						
Prop C sales tax rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Sales tax revenue	$0	$0	$2,927,007	$5,152,348	$7,773,650	$15,853,006
Conservation						
Conservation sales tax rate	0.125%	0.125%	0.125%	0.125%	0.125%	0.125%
Sales tax revenue	$0	$0	$365,876	$644,044	$971,706	$1,981,626
Parks and Soils						
Parks and Soils sales tax rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Sales tax revenue	$0	$0	$292,701	$515,235	$777,365	$1,585,301
Total State Funds						
All state funds sales tax rate	19.225%	19.225%	19.225%	19.225%	19.225%	19.225%
Sales tax and license fee revenue	$2,666,000	$4,472,000	$60,671,716	$103,453,894	$155,102,427	$326,366,038
Local Sales Taxes						
Median sales tax rate from DOR	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Sales tax revenue	$0	$0	$10,244,526	$18,033,219	$27,207,776	$55,485,521
Total State and Local Funds						
State and local sales tax rate	22.725%	22.725%	22.725%	22.725%	22.725%	22.725%
Total Sales tax, license, and fee revenue	$2,666,000	$4,472,000	$70,916,242	$121,487,113	$182,310,204	$381,851,559

Allocation of Veterans, Infrastructure, and Health Fund

The proposed petition establishes a number of purposes for which the revenue derived is to be used. First, the Department of Revenue (collection costs) and the Department of Health and Senior Services (administration) are to receive their funds before allocation to the other major purposes. Table 18 shows the distribution among the uses identified in the petition.

Assumptions for the allocation table below include:

- The Department of Revenue takes the maximum 2% it is allowed to take for collection costs.
- The Department of Health and Senior Services spends the same amount, including fringe benefit costs, for administration of the adult use marijuana program as it received in the FY 2020 budget for the medical marijuana program. It will either do so by shifting some medical marijuana staff to the adult use program or add additional staff. A two percent inflation factor is provided beginning in FY 2024. For FY 2022 it is assumed that the department's cost above the Veterans, Infrastructure, and Health Fund revenues, if any, will be paid with a transfer from general revenue as provided by the act.
- The remaining uses receive their share as detailed in the petition.

Allocations:

- Local government: $6.3 million in FY 2023 rising to $20.7 million in FY 2025. A 5-year total of $39.9 million.
- Veterans: $8.4 million in FY 2023 rising to $27.6 million in FY 2025. A 5-year total of $53.1 million.
- Infrastructure: $8.4 million in FY 2023 rising to $27.6 million in FY 2025. A 5-year total of $53.1 million.
- Health: $8.4 million in FY 2023 rising to $27.6 million in FY 2025. A 5-year total of $53.1 million.

Table 18 - Allocation of Veterans, Infrastructure, and Health Fund

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	5-year total
Veterans, Infrastructure, and Health Fund						
Sales tax revenue - received	$0	$0	$43,905,110	$77,285,223	$116,604,755	$237,795,089
Application and license fees	$2,666,000	$4,472,000	$4,400,000	$4,400,000	$5,654,000	$21,592,000
Total VIH fund collections	$2,666,000	$4,472,000	$48,305,110	$81,685,223	$122,258,755	$259,387,089
Administration of tax and program						
Department of Revenue (2% of collections)	($53,320)	($89,440)	($966,102)	($1,633,704)	($2,445,175)	($5,187,742)
Department of Health and Senior Services (for administration)	($2,612,680)	($4,382,560)	($15,668,590)	($15,981,962)	($16,301,601)	($54,947,393)
Remainder to distribute to major purposes	$0	$0	$31,670,418	$64,069,557	$103,511,979	$199,251,954
Major Purposes						
Local governments (3/15ths of remainder)	$0	$0	$6,334,084	$12,813,911	$20,702,396	$39,850,391
Veterans (one-third after local govt.)	$0	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
Infrastructure (one-third after local govt.)	$0	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
Health (one-third after local govt.)	$0	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
subtotal for major purposes	$0	$0	$31,670,418	$64,069,557	$103,511,979	$199,251,954
Total allocated	$2,666,000	$4,472,000	$48,305,110	$81,685,223	$122,258,755	$259,387,089

Department of Health and Senior Services (DHSS) - costs

DHSS has experience with implementing the medical marijuana program in accordance with Amendment 2 passed by Missouri voters in November 2018. Thus, the learning curve should be dramatically reduced for the department for a fully legal adult use marijuana program. Much of the language of the new petition mirrors the framework and language from voter-approved Amendment 2 to implement the new program. The tasks that DHSS has already completed or will complete for the medical marijuana program includes, but is not limited to creating:

- rules for the medical marijuana program;
- Advisory Committees;
- a robust website with information about the program;
- forms and applications;
- an online application portal;
- awarding and completing a contract to provide for blind scoring of the applications;
- FAQs;
- videos to help applicants understand the process

- a significant outreach program to businesses and organizations involved or interested in the medical marijuana program;
- reporting mechanisms available to show the distribution of applicants across the state;
- other resources for applicants and the public; and
- educating the Governor and legislature on its budgetary needs to successfully implement the program.

DHSS was successful in receiving $846,726, including 3.5 staff, in FY 2019 supplemental budget funding to begin implementation of the medical marijuana program. In addition, DHSS received $15.7 million, including 52 staff and fringe benefits, in full year FY 2020 funding to implement the program. The staff included:

- 40 health facilities consultants to process and verify applications, inspect facilities, provide technical assistance to the testing facilities to assist with obtaining and maintaining certification; monitor for compliance, and other duties as needed.
- 4 health and senior services managers to manage patient and caregiver applications while meeting application decision deadlines; manage licensing and/or certification of medical marijuana cultivation facilities, dispensary facilities, infused products manufacturing facilities, testing facilities, transportation entities, seed-to-sale tracking systems; and provide ongoing management responsibilities.
- 2 attorneys to provide legal support.
- 1 Planner IV to project manage and work in conjunction with the IT project manager to plan, monitor, and execute the implementation of a seed-to-sale tracking system
- 1 designated principal assistant.
- 4 clerical support staff

Table 19 provides budget information for Colorado[x], Washington, and Oregon to provide perspective on their administrative costs for the Department of Revenue and the relevant administrative agencies. Missouri's $15.7 million budget for medical marijuana administration appears to be larger than the programs in the other states.

Table 19 - Administrative costs in Oregon, Washington, and Colorado

	Total (in millions)	FTE
Oregon		
Adult use	$19.0	68.0
Medical	$5.6	23.0
Total	$24.6	91.0
Washington		
Adult use & medical	$24.2	
Colorado		
Adult use	$14.5	120.1
Medical	$2.4	1.3
Total	$16.9	121.4

All of this success and sizable budget should make the additional cost of regulating legal marijuana more easily accomplished and keep costs down. For example, DHSS has 40 health facility consultants to process and verify applications, provide technical assistance, monitor compliance, and other duties.

DHSS asked for such a sizable staff in part because it was unclear whether OA ITSD would supply a highly functional IT system to process applications during this first round of applications. DHSS received 2,163 medical marijuana applications yet is expected to issue just 348 licenses – the minimum required by the medical marijuana amendment. DHSS has thus received about 6 times more applicants than the number it will approve.

The current DHSS process and timetable is for the first medical marijuana licenses to be issued in late December 2019 or early January 2020. Providing the necessary construction phase for the medical marijuana facilities and the initial growing period, Missourians can expect that medical marijuana product becomes available during the summer or fall of 2020 with dispensaries being opened from then until the end of 2020. DHSS has indicated publicly that it intends to go slowly on issuing licenses during the first few years of medical marijuana implementation to ensure that the marketplace is sufficient to provide a healthy medical marijuana industry and prevent an oversupply of product. There is little expectation that DHSS will begin another round of medical marijuana facilities expansion before late 2022 – which is beyond the dates contained in this petition and required for implementation of a legal marijuana program. Thus, there is no conflict or doubling up of application processing between the two programs.

As noted earlier in this analysis, for the first 548 days of legal marijuana applications DHSS may only accept applications for licensure from entities holding similar medical marijuana facility licenses. The 40 health facility consultants will face a maximum of 348 marijuana facility applications in late 2021, 16% of what they faced in 2019. In addition, the health facility consultants and all of the staff only have to deal with facilities that they have already instructed, inspected, monitored for compliance, and reviewed. The owners and staff of the medical marijuana facilities will already be knowledgeable of all of the rules and regulations and will have developed a strong working relationship with DHSS.

It is assumed that there will be some costs required to process adult use marijuana facility applications. Costs for OA ITSD for IT services are included in the DHSS medical marijuana budget and can be used to provide additional functionality to reduce the amount of paperwork done by the health facilities consultants and clerical staff. Providing a more efficient, robust and user-friendly application portal will help the department. In addition, additional website development to improve reporting tools, update videos, and other functionality can be completed before the adult use program applications are announced. Blind scoring costs currently in the DHSS budget will not be needed for the first round of adult use marijuana application evaluation.

This analysis assumes that the department will spend the same $15.7 million for their administrative costs for adult use as it did for medical marijuana. It will either do so by shifting some medical marijuana staff to the adult use program or add additional staff. There likely will be significant cost savings in administrative costs when the medical and adult use programs are operational. As shown in Table 19, Colorado, Washington, and Oregon spend much less than the $32 million in administration for both programs that possible under the assumptions of this analysis. Those savings are not calculated herein and will be decided by the Governor and legislature as both programs proceed.

Department of Corrections Savings

In a fiscal note to HB 1448 (2018) the Department of Corrections laid out its estimate of savings to a bill that allowed adult use marijuana. It indicated substantial savings. The department reported that the annual number of persons admitted for cannabis offenses was expected to be 209 with an additional 986 sent to probation. It also reported that the average incarcerated offender spent one year in prison and three more years on parole.

https://house.mo.gov/billtracking/bills181/fiscal/fispdf/4952-01N.ORG.pdf

In its 2017 Annual Report the Missouri Board of Probation and Parole reported that the per diem cost of incarceration was $58.85 compared to $5.39 for probation or parole. Revised numbers have not been made available by the Department. However, the 2017 costs are included in the analysis below to identify the cost savings of the initiative petition to the Department. A two percent inflation factor is assumed for institutional and probation/parole costs.

The number of people normally incarcerated remains static in this analysis at 209 each year since a new cohort comes in and then leaves after one year. At $58.85/day ($21,480/year) the department will save $4.5 million in incarceration costs. The number of people normally expected to be under supervision grows until it peaks at year four. The 209 that normally serves three years of probation increases until it tops out at 627. The 986 people that normally serve three years of supervision tops out at 2,958. The number of people that will not be under supervision in year four is 3,794. The savings run from $6.4 million in year one to $12.2 million in year four.

Table 20 - Department of Corrections - Savings				
	FY 2022	FY 2023	FY 2024	FY 2025
Incarcerated	209	209	209	209
Parole		209	418	627
Probation	986	1,972	2,958	2,958
subtotal supervision	986	2,181	3,376	3,585
Total affected population	1,195	2,390	3,585	3,794
Institutional costs/day	$58.85	$60.03	$61.23	$62.45
Institutional costs/year	$21,480	$21,910	$22,348	$22,795
Probation/parole costs/day	$5.39	$5.50	$5.61	$5.72
Probation/parole costs/year	$1,967	$2,007	$2,047	$2,088
Savings institutional	$4,489,372	$4,579,160	$4,670,743	$4,764,158
Savings probation/parole	$1,939,807	$4,376,606	$6,910,101	$7,484,647
Total Savings	$6,429,179	$8,955,766	$11,580,844	$12,248,805

This measure will not result in an increase in crime as a result of the legalization of adult use marijuana. A recent study published by Reason Magazine[xi] concluded legalization reduced possession and other marijuana crimes and relieved the burden placed on courts, law enforcement and prisons, allowing for greater focus on violent crime. It also identified other studies that showed that opioid use and deaths decreased in states with adult use marijuana. It reports on studies that show reduction in property crime and others that suggest that marijuana use does not lead to an increase in violent crime. Some more recent studies suggest that legalization might reduce violent crime. The Reason study also reported on a recent study that found legalization of marijuana for recreational use in Colorado and Washington was associated with an improvement in the rate of clearance of cases relating to violent crimes.

A federally funded study[xii] of the experience in Colorado and Washington also concluded that marijuana legislation had minimal to no effect on major crimes in those states. The study found no statistically significant long-term effects of recreational cannabis laws or the initiation of retails sales on violent or property crimes in those states. The analysis was based on FBI data on violent, property, aggravated assault, auto theft, burglary, larceny, and robbery crime rates. The one trend that held was a decrease in the burglary rate in Washington. The study also called out some published research for bad research design and data for studies that purported to show increases in crime. The study found some immediate effect on crime in Colorado (property crime) and Washington (larceny) at the point of legalization but the trends suggest that if marijuana legalization influenced crime, it was short-lived.

Multiple analyses have concluded that medical marijuana laws are not causally linked with increases in violent crime or property crime.[xiii] RAND researchers found a negative and significant relationship between dispensary allowances and property crime rates.[xiv] A September 2019 study in Regional Science and Urban Economics reports reduction in crimes in areas around marijuana dispensaries.[xv]

The Cato Institute studied outcomes in Colorado and Washington, including crime rates in Denver and Seattle, and found no statistical relationship between passage of adult-use legalization and increased crime.[xvi] In a recent paper a University of Washington researcher used regression analysis on crime data from 1990 to 2017 and found that the legalization of marijuana, both recreational and medical, does not increase violent crime rates but could lead to a decline in violent crime such as homicide, robbery and aggravated assault.[xvii] A peer-reviewed study published in *The Economic Journal* indicates that legalizing marijuana is likely reducing crime in many states by displacing the illicit markets traditionally controlled by drug cartels.[xviii]

Other news reports also show a minimal impact of legal marijuana on crime[xix] and its effect on reducing opioid use and deaths.

Public Defender Savings

The State Public Defender's Office also estimated its savings in the same fiscal note to HB 1448 (2018). The Public Defender reported that the bill would save 52,230 attorney hours, or slightly more than 25 attorneys based on the state's 2,080-hour work year. The Public Defender assumed that 25% of drug cases relate to marijuana affecting about 2,472 cases. However, it did not convert the 52,230 hours savings into a dollar amount. It stated that it would not cut its budget because it is staffed substantially below the level it believes is necessary to meet its caseload standards.

Table 21 provides the conversion of hours saved into dollars using the FY 2020 budget request for 385 additional staff made by the Public Defender's Office. The FY 2020 budget request included a request for attorneys at a salary of $60,084 and a secretary for every three attorneys at a salary of $28,668. That provides a savings of $1.7 million in salaries if the Public Defender's budget was cut to keep its staffing levels at the level the General Assembly has been providing. The expense and equipment requests provided $10,500/attorney in travel and $6,380/FTE for all other expense and equipment leading to a savings of $475,145. Fringe benefit savings would add another $1 million. Total savings to the Public Defender's budget annually is estimated at $3.3 million. However, the petitioners do not recommend such cuts.

Table 21 - Public Defender possible savings			
Hours saved	52,230		
Yearly hours per FTE	2,080		
FTE saved	25.11		
	# staff	Avg. salary	Total
Public defenders	25	$60,084	$1,502,100
Secretary (1 for every 3 attorneys)	8.33	$28,668	$238,804
subtotal Personal Service Savings			$1,740,904
Expense & equipment			
Travel	25	$10,500	$262,500
Other items	33.33	$6,380	$212,645
subtotal E&E Savings			$475,145
Fringe benefits (59.8% of PS costs)			$1,041,061
Total savings for Public Defender			$3,257,110

Other department – costs, revenues, or savings

The Missouri State Highway Patrol (MSHP) should expect additional revenue as a result of this proposal. For HB 1448 (2018) the MSHP estimated income of $540,584 for the Criminal Records System Fund as a result of fingerprint and criminal record system checks in the first year and $54,054 annually thereafter.

The Office of Administration, Information Technology Systems Division provided IT support to DHSS. Possible additional costs to OA ITSD are included in the DHSS cost discussion of this analysis.

The Office of State Courts Administrator, the courts, the Department of Corrections, and the Public Defender may have additional costs to process expungement of marijuana convictions from criminal records. The petition provides that people with such convictions "may apply for expungement upon the

effective date of this section and such expungement shall be granted…". A search of the Missouri General Assembly's bill list for the past seven regular sessions found three bills filed by Rep. Ellington from 2014-2016 that included expungement of such records. It was not the same as the petition's provisions. The Oversight Division did not complete a fiscal note of the possible costs or savings.

Footnotes:

[i] [i] SAMSHA, National Survey on Drug Use and Health - https://www.samhsa.gov/data/nsduh/state-reports-NSDUH-2016

[ii] Colorado provides data on monthly sales and monthly tax revenue. Colorado Department of Revenue, Monthly sales of marijuana. Excel spreadsheet downloaded. https://www.colorado.gov/pacific/revenue/colorado-marijuana-sales-reports. Monthly tax receipts from marijuana sales. Excel spreadsheet downloaded. https://www.colorado.gov/pacific/revenue/colorado-marijuana-tax-data

[iii] Washington's website has annual data for the first three years but only part of a 2018. https://data.lcb.wa.gov/Sales/Sales-and-Tax-Grouped-by-Fiscal-Year-Chart-/g9n8-n3mg. Monthly tax data is not on the Washington website but can be found at the following site but the monthly numbers when added are slightly different that the state annual numbers. https://www.502data.com/

[iv] Oregon Department of Revenue. Download excel spreadsheet. https://www.oregon.gov/DOR/programs/gov-research/Pages/research-marijuana.aspx

[v] U.S. Census Bureau https://www.census.gov/data/tables/time-series/demo/popest/2010s-state-total.html

[vi] Data obtained from the Division of Tourism offices in each state.

[vii] Governing Magazine, High on Pot Taxes, September 2019. https://www.governing.com/columns/public-money/gov-pot-taxes-high.html?utm_term=High%20on%20Pot%20Taxes&utm_campaign=High%20on%20Pot%20Taxes&utm_content=email&utm_source=Act-On+Software&utm_medium=email

[viii] Missouri Office of Administration, Division of Budget and Planning. https://archive.oa.mo.gov/bp/projections/TotalPop.pdf. The population estimates are at five year intervals. To determine the numbers for years 2023-2025 for this analysis the 2020 to 2025 total change was calculated and divided to determine the level annual increase per year needed to make the 2025 number – 38,204 increase per year.

[ix] Missouri Department of Revenue, Sales and Use tax rate table in effect for August/September 2019; https://dor.mo.gov/business/sales/taxcards/multiletter.pdf

[x] Colorado Joint Budget Committee, Marijuana Policy Overview. https://leg.colorado.gov/sites/default/files/fy2019-20_marbrf.pdf

[xi] Reason Foundation, Does Legalizing Marijuana Reduce Crime. September 2018. https://reason.org/wp-content/uploads/does-legalizing-marijuana-reduce-crime.pdf

[xii] Justice Quarterly. The Cannabis Effect on Crime: Time-Series Analysis of Crime in Colorado and Washington State. October 8, 2019 https://www.tandfonline.com/doi/full/10.1080/07418825.2019.1666903. Marijuana Moment article about study: https://www.marijuanamoment.net/marijuana-legalization-doesnt-cause-increased-crime-federally-funded-study-finds/.

[xiii] Shepard, E. M., et al. (2016). Medical Marijuana and Crime: Further Evidence From the Western States. *Journal of Drug Issues*. https://doi.org/10.1177/0022042615623983
Chu, Y. L., et al. (2019). Joint culpability: The effects of medical marijuana laws on crime. *Journal of Economic Behavior & Organization*, https://doi.org/10.1016/j.jebo.2018.07.003

[xiv] Hunt, P., et al. (2018). High on Crime? Exploring the Effects of Marijuana Dispensary Laws on Crime in California Counties. Institute of Labor Economics. Accessed from http://ftp.iza.org/dp11567.pdf

[xv] Jeffrey Brinkman and David Mok-Lamm. "Not in my backyard? Not so fast" The effect of marijuana legalization on neighborhood crime Regional Science and Urban Economics. September 2019. https://www.sciencedirect.com/science/article/abs/pii/S016604621830293X?via%3Dihub

[xvi] Dills, A., et al (2016). Dose of Reality: The Effect of State Marijuana Legalizations. Cato Institute. Retrieved from https://www.cato.org/publications/policy-analysis/dose-reality-effect-state-marijuana-legalizations.

[xvii] Rice, A. (2019) A blunt look at the impacts marijuana has on violent crime (manuscript). University of Washington. Accessed from https://digital.lib.washington.edu/researchworks/handle/1773/44495.

[xviii] Gavrilova, E., et al. (2017). Is Legal Pot Crippling Mexican Drug Trafficking Organisations? The Effect of Medical Marijuana Laws on US Crime. *The Economic Journal*, https://doi.org/10.1111/ecoj.12521.

[xix] Washington Post, https://www.washingtonpost.com/news/wonk/wp/2016/10/13/heres-how-legal-pot-changed-colorado-and-washington/?wpisrc=nl_wonk&wpmm=1.
And https://www.washingtonpost.com/news/wonk/wp/2016/06/21/colorado-survey-shows-what-marijuana-legalization-will-do-to-your-kids/?wpisrc=nl_wonk&wpmm=1

And https://www.washingtonpost.com/news/wonk/wp/2016/07/13/one-striking-chart-shows-why-pharma-companies-are-fighting-legal-marijuana/?wpisrc=nl_headlines&wpmm=1

And https://www.washingtonpost.com/news/wonk/wp/2016/08/29/study-medical-marijuana-changes-how-employees-use-sick-time/?wpisrc=nl_wonk&wpmm=1

And https://www.washingtonpost.com/news/wonk/wp/2018/04/02/two-new-studies-show-how-marijuana-can-help-fight-the-opioid-epidemic/

And https://www.washingtonpost.com/news/wonk/wp/2017/10/16/legal-marijuana-is-saving-lives-in-colorado-study-finds/

David R. Usher provided the following information:

October 24, 2019

Nicole Galloway
Missouri State Auditor
301 W High St # 880
Jefferson City, MO 65101

Delivered by:

Email to elections@sos.mo.gov
Email to elections1.sos.mo.gov

CC:

Secretary of State John R. (Jay) Ashcroft
600 West Main Street
Jefferson City, MO 65102

Missouri Attorney General Eric Schmitt
Supreme Court Building
207 W. High St.
P.O. Box 899
Jefferson City, MO 65102

Re:

IP 2020-125 Converting Missouri's "Medical Marijuana" Amendment 1 enacted in 2018 to include Recreational Marijuana
https://www.sos.mo.gov/CMSImages/Elections/Petitions/2020-125.pdf

and

IP 2020-126 Legalization of THC-containing recreational marijuana
https://www.sos.mo.gov/CMSImages/Elections/Petitions/2020-126.pdf

Dear Hon. Governor Parson, Nicole Galloway, Jay Ashcroft, and Eric Schmitt,

We are filing this document as formal comments for inclusion in the public record regarding the two Initiatives identified above.

This document provides a necessary estimate of the consequential costs **(CC)** that will by incurred if THC-containing marijuana (hereinafter referred to as "**psychoactive marijuana**" regardless of the reason for is use as a "medical" or "recreational" drug), is legalized in Missouri.

Preface and Recommendation Summary:

When other states legalized THC-containing marijuana, they only calculated the cost for implementing the new statute. They failed to foresee the necessity of evaluating fiscal impact of the *consequences* of legalization.

In other states, marijuana legalization was enacted expecting profits, when in fact massive losses to states, local jurisdictions, and businesses took place. These states are in jeopardy, unable to reverse legalization, unable to tax because of restrictions in the laws enacted, and stuck with massive costs.

In the short amount of time it is only possible to make a rough estimate the fiscal impact. There are thousands of state and local expenditures impacted by use of substances that impact mind and body for days, weeks, or years, and the abuse of those drugs.

We have many years of experience studying these problems and are in the best possible position to estimate these costs so the voters have some idea of the financial cost to the State.

We have an incontrovertible wealth of longitudinal facts from other states proving decisively that marijuana legalization will:

1. Greatly harm the general welfare of Missourians without providing any palpable benefit, and,

2. Create a large annual fiscal note comprised of a long list of proven fiscal consequences imposed on other states, local jurisdictions, and businesses in states legalized any form of psychoactive marijuana.

Finding:

We estimate the total CC fiscal note associated with the passage of the above to Initiatives would be a total annual fiscal note of approximately $2,818,214,740 annually to the state of Missouri and local governments.

Breakdown of costs:

> **$1,283,340,100** of the total is a baseline cost representing actual Colorado data adjusted for population.
>
> **$1,534,874,640** is our estimated "contingency" cost for 15 categories of known expenses that the Colorado study did not evaluate. These categories are evaluated later in this document and rationally estimated.
>
> It is not possible to do thorough research and numerical analysis of these items in just a few days, however, I do believe it is mandatory to express the likely magnitude of expense the Initiatives will incur.
>
> What we can supportably declare, based on my research and estimates below is "Fifteen complex line items cannot be accurately numerically evaluated, but **may** represent significant cost."

This amount will ramp up to the amount estimated within two to four years of passage, and elastically grow or shrink as use and abuse rates of psychoactive marijuana rise to levels we see in other states that legalized the use of any form of THC-containing marijuana.

Items Not included in the Cost Estimate:

1. There are longitudinal elements we are unable to estimate here, such as the potential cost to the state of younger Missourians who increasingly use or abuse substances in the "gig economy' employment environment where retirement plans and medical insurance are often not provided. So called "failure to launch" kids, who may have brain damage caused exposure before birth or use before the age of 24, may represent a large long-term cost liability to the State for medical, health, housing, and eventual indigency in old age.

2. We cannot estimate the costs to business in this document. We can say that the costs to business of legalization psychoactive marijuana will be high.

   Property, medical, and workman's compensation insurance rates will skyrocket. Workman's comp fraud and lawsuits will force many businesses to either close down, leave urban areas, or only hire self-insuring contractors.

   Costs for all businesses and government agencies that have to comply with OSHA will skyrocket. Pyschoactive marijuana impacts motor skills and judgement for at least one or two days or in some cases months after use. The bus driver who gets stoned on Saturday night is much more likely to have an accident on Monday morning, for example.

   If other states are a predictor, we will see all "brick and mortar" businesses, particularly larger businesses, hit with head taxes and "window taxes". These IP's bar the state from additional taxation of marijuana, so creative new taxes will be invented to pay for the consequential costs of drug use and abuse.

Recommendations:

1. If possible, we recommend that the Attorney General and/or the Secretary of State reject IP 2020-125 "Marijuana Legalization" and IP 2020-126, for the following reasons:

   a. The CC cannot be reasonably ascertained until a full cost study is performed, which is not possible short time period allowed in the context of the Initiative process.
   b. The legalization of psychoactive marijuana falls under the statutory authority of the Missouri Legislature, which has the authority and time to conduct a thorough fiscal impact study and allocate budgetary resources to fund those consequences, and
   c. The CC constitutes a large unfunded mandate on the State of Missouri for which there is no pressing constitutional justification for forcing on the State, local jurisdictions, and the taxpayers to bear, and
   d. These Initiatives deny the Legislature and local jurisdictions its statutory right to increase or enact new taxes on psychoactive marijuana to fund the associated CC at both state and local levels.
   e. These Initiatives may be unconstitutional as previously communicated to Governor Parsons, Attorney General Eric Schmitt, and the legislature.

2. If either ballot initiative is approved for the 2020 election cycle, we recommend that in addition to the implementation costs, the ballot state that "The consequential fiscal cost

of additional substance use and abuse to the state, local jurisdictions, and taxpayers is estimated to be $2,818,214,740 billion dollars annually".

This sum reflects costs to both state and local governments. Since these are state initiatives, the state should take responsibility, anticipate the expenditures, and be prepared to raise the funds to pay for the increase in problems that will arise in every jurisdiction. The most serious impacts will be seen in St. Louis, Kansas City, and perhaps Springfield. We should not abandon them to go bankrupt because of a state initiative.

This estimate may be slightly higher or lower depending on whether one or both Initiatives are enacted. The impact differential will be small because, in both cases, "recreational marijuana" is being fully legalized. Whether or not one has to get a card and a doctor's letter is merely procedural. In other states, medical marijuana quickly fell into disuse as soon as unrestricted "recreational marijuana" was legalized.

This may provide some incentive to reject these initiatives on the grounds they involve very large unfunded annual mandates that may also be unconstitutional. There is no rational basis for inserting possibly unconstitutional unfunded mandates into the Missouri Constitution when the initiatives contain no pressing strict-scrutiny civil rights concern requiring the state to fund the initiative.

The Fiscal Note Estimate:

1. **Components of the Fiscal Note Estimate:** The fiscal note must include:

   a. The costs for administratively implementing and managing legalization, and

   b. The costs the state will incur due to the "consequential costs" (CC) of marijuana legalization. CC includes all expenditures to the state and local jurisdictions due to increased **use and abuse** of psychoactive marijuana such as homelessness, medicare, high-school dropouts and youth drug gangs, interdiction and prosecution of illegal marijuana growing, environmental cleanup of illegal grows, sales and smuggling, crime, incarceration, police, violence, divorce and illegitimacy, mental health problems, violence shelters, illegal smuggling and illegal grows, OSHA-compliance, unemployment, and increased insurance costs for property, workman's comp, medical, and liability insurance. We cannot estimate those costs in this document. We must be aware that the actual costs of marijuana to all government agencies is much higher than the fiscal note estimate below, which applies only at the State level.

2. **Basis for Fiscal Note Estimate:**

   Our CC fiscal note estimate is based on actual CC financial data extracted from the State of Colorado and reports documenting the CC of the legalization of psychoactive marijuana. Colorado was the first state to legalize psychoactive marijuana. The longitudinal consequences are documented more thoroughly for Colorado than any other state.

3. **Baseline CC Fiscal Note Estimate: $1,283,340,100 annually.**

The Centennial Institute of the Colorado Christian University reports that Colorado is spending about $4.50 in costs to mitigate the effects of legalization for every $1 of tax revenue income. This baseline estimate does not include a large number of consequential expenses.

A. In 2018, the tax revenue for Marijuana in Colorado was $266,529,617.[1]
B. Therefore, the approximate fiscal note for downstream costs of marijuana legalization in Colorado for 2018 was approximately $4.50 * $266,529,617, for an estimate of $1,199,383,276.
C. The population of Colorado of individuals aged 10 and older is approximately 5,010,757.
D. The population of Missouri of individuals aged 10 and older is 5,375,792.
E. **Therefore, the baseline annual CC for psychoactive marijuana legalization in Missouri, adjusted for population, is $1,283,340,100.**

4. **Contingency Risk Factor Costs: $1,534,874,640.**

The following contingency multipliers, when applied to the baseline cost are a total contingency multiplier of 119.6%.

These factors are added because they are known cost factors not evaluated in the Colorado report:

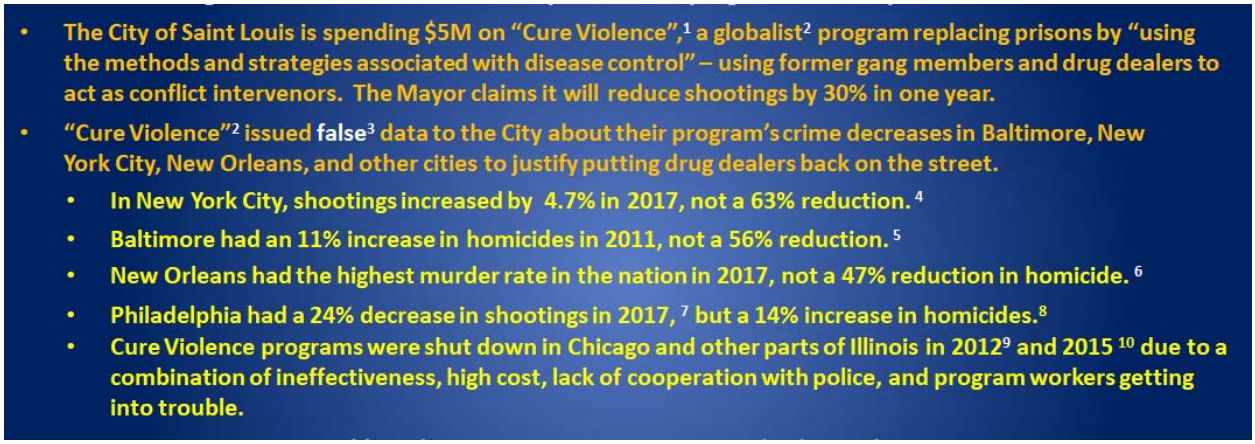
a. **(15%) CC contingency for extant drug abuse and violence problems:** Missouri and St. Louis are at high risk of fiscal and law-enforcement exposure to the consequences of marijuana legalization compared to Colorado:

- Missouri has the 3rd highest per-capita drug abuse rate in the nation before Psychoactive marijuana is legalized.[2]
- St. Louis had the highest STD rate in the nation.[3] (the prevalence of STD's is highly associated with substance abuse).
- St. Louis has the highest murder rate in the nation in 2017 [4] and was ranked the most dangerous city in America by CBS News.[5] (Gun violence is tightly linked to substance abuse and the drug trade[6]).

b. **(10%) Gang violence in St. Louis and Kansas City:** The problems of gang violence in St. Louis and secondarily in Kansas City will grow and become much more serious with the legalization of psychoactive marijuana. Gangs control the smuggling and sales of illegal drugs. In Colorado, about 2/3 of marijuana sales are by illegal drug dealers because their product is much less expensive than the highly-regulated, taxed retail stores. St. Louis recently announced it is spending $5-million on a "Cure Violence" program that is a proven failure in all other cities that it has

[1] https://www.colorado.gov/pacific/revenue/colorado-marijuana-tax-data
[2] https://wallethub.com/edu/drug-use-by-state/35150/
[3] https://www.stltoday.com/lifestyles/health-med-fit/st-louis-holds-top-spot-in-chlamydia-and-gonorrhea-stds/article_3f675a46-b330-5305-80db-82b4dd999b5e.html
[4] https://www.apnews.com/281f4f35c74b43d0aa111c2d898c3bf8
[5] https://www.cbsnews.com/pictures/the-most-dangerous-cities-in-america/50/
[6] https://www.stltoday.com/news/local/crime-and-courts/deadly-turn-study-shows-violent-crime-growing-deadlier-in-st/article_45e5d21f-1b38-5ada-8b04-e5eddb82ab3b.html

been implemented in. The State should be prepared to intervene. The screen capture below is by my organization Civitas Economic Engineering, documenting the fact that Cure Violence does not work:[7]



c. **(10%) CC baby boomer contingency:** There are a large number of baby boomers who have little savings and who use (or will use) psychoactive marijuana. According to the retirement institute, 45% of baby boomers have no retirement savings.[8] I estimate that at least 10% of them use psychoactive marijuana. This is attributable to the fact that baby boomers are the hippie culture, where marijuana use was and is still commonplace. Use of mood-altering substances over time does impact life, financial choices, and upward mobility negatively. Medical, housing, and other costs for caring for indigent elderly with aggressive mental health and memory issues may likely be a major expense to the state or local jurisdictions.

d. **(6%) Educational Remediation:** To pay for education remediation for marijuana-using school dropouts and disciplinary problems in public schools and universities. We are placing emphasis on this category because high-school dropouts are a very costly problem in Colorado.

e. **(10%) Long-term impact on (government and contractor) employee productivity**: This category includes lower production, rework, associated material and other costs, and legal expense. 15.2% of Coloradans are regular users of psychoactive marijuana. Efficiency, motivation, mistakes, rework, damage, and accidents are the consequence. 80% of Colorado marijuana users are not as active as indicated and have higher rates of medical problems, with medical expenditures of $54,833,218 in 2017.[9] Cost of cannabis use disorder in Colorado for 2017 was $31,448,908.[10] These kinds of costs may fall on the State or local jurisdictions for employees and indigents.

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[7] Civitas Economic Engineering, "Proof that Substance Abuse is the Keystone Driver of Violence, Homelessness, Marriage-Absence, and Endless Crisis Spending, St. Louis, October, 2019.
[8] https://www.investopedia.com/articles/personal-finance/032216/are-we-baby-boomer-retirement-crisis.asp
[9] http://cdn-centennial.pressidium.com/centennial/wp-content/uploads/2018/11/Economic-and-Social-Costs-of-Legalized-Marijuana-CO.pdf, pg. 26
[10] http://cdn-centennial.pressidium.com/centennial/wp-content/uploads/2018/11/Economic-and-Social-Costs-of-Legalized-Marijuana-CO.pdf pf. 21.

f. **(0%) Medical care for indigents:** Depending on insurance and local policy, costs for marijuana-related expenditures itemized in (d.) may fall on the State or local jurisdictions. Please add a percent if you believe this is a factor in Missouri.

g. **(6%) Workplace accidents:**

h. **(5%) Gun and domestic violence:** Substance-abuse is highly correlated with gun violence (at least 50% of all cases) and domestic violence (at least 75% of all cases). This drives costs police, investigative, prosecution, shelter, riot control, property damage, and compliance with federal social justice mandates for the state and local jurisdictions.

i. **(10%) Marijuana-related crime outside St. Louis:** This may be a very large number considering the broad costs of interdiction, prosecution, imprisonment, property damage, murder, theft, . Colorado reports a severe shortage of funding for marijuana inspections, finding and cleaning up illegal grows, and dealing with marijuana DUI. Missouri is a major route for smuggling and distribution of drugs along interstates 40 and 44. If psychoactive marijuana is legalized we will see a lot more local marijuana being grown and smuggled to other states.

j. We are adding a contingency to assure enough resources are available to handle these problems.

k. **(3%) Marijuana-related hazardous environmental cleanups:** The Rocky Mountain HIDTA report shows that meth and other drug use is being replaced by marijuana use and abuse. Illegal grows in Colorado and other states are expensive to catch, requiring aerial surveillance. Environmental cleanup of toxic chemicals can be very costly. Since Missouri is a prime state for growing marijuana outdoors, and we have a lot of heavily forested areas, we predict that illegal growing on public lands and related cleanups will become a major problem.

l. **(5%) Property damage**: This estimates cost to repair property damage to public properties caused by substance abusers.

m. **(19%) Homelessness and Urban Cleanup**: There were 5,883 homeless adults in Missouri in 2018 while Colorado, a state with similar population had a homeless population of 10,857[11] despite approximately 350 anti-homeless laws enacted to combat fires, trash, crime, and tent cities.[12] In this chart, we see that states that legalized psychoactive marijuana years ago suffer from the highest homelessness rates regardless of weather conditions.

A 2008 survey by the United States Conference of Mayors asked 25 cities for their top three causes of homelessness. Substance abuse was the single largest cause of homelessness for single adults (reported by 68% of cities).[13]

[11] https://files.hudexchange.info/resources/documents/2018-AHAR-Part-1.pdf
[12] https://en.wikipedia.org/wiki/Homelessness_in_the_United_States_by_state
[13] National Coalition for the Homeless, "Substance Abuse and Homelessness"; July, 2009; https://www.nationalhomeless.org/factsheets/addiction.html

Following the legalization of psychoactive marijuana in 2012, Colorado experienced the third largest percent increase in homelessness nationally -13 percent between 2015 and 2016.[14]

Scott Lindsay, a consultant to the Mayor of Seattle, investigated the cases of about 100 homeless people in Seattle and found that 100% of them had a substance abuse problem. Over 2/3 have been arrested for theft this year. Retailers are hit hard by theft. [15]
States report that each homeless person costs the government up to $50,000 per year.[16] These are costs associated with arrest, prosecution, cleanup of homeless tent cities, medical, health and hospitalization, services, trash, fires, property damage, and human waste.

If Missouri's homeless rate grows the match Colorado's, which should be expected, it will add an additional cost burden of $248,700,000, or 19.1% of the baseline CC cost to state and local governments.

n. **(.6%) Costs of family breakup and non-marriage**: The annual cost to the state of Missouri for 19,187 divorces and 29,134 children born out of wedlock in 2017 is conservatively estimated to be about $1.7 Billion – (5.8% of Missouri's 2019 budget). (UMC Regional and Fiscal Studies, CDC). Substance abuse is a primary factor in family breakup and failure of unmarried cohabiting relationships.[17]

   With each instance of non-marriage costing the state about $20,000 annually, an 10% decrease in marriage rates and 10% increase in cohabitation or illegitimzy rates will cost the state $170,000,000 not including lost tax receipts that would have been paid if couples had not broken up. This amount is six-tenths of 1% of the baseline cost estimate.

o. **(20%) Miscellaneous costs to state and local governments**: There are hundreds of elastic line item costs to state and local jurisdictions that expand or shrink with the prevalence of substance use and abuse. Here is a short list of major categories, some of which are not listed above. The Auditor's office may wish to modify our estimate based on their understanding of other expenses that will be incurred, a short list of categories listed below:[18]

[14] https://www.colorado.gov/pacific/sites/default/files/PSD_SDOH_Homelessness_long.pdf
[15] https://www.seattlebusinessmag.com/editors-note/conflating-seattle-street-crime-homeless-wont-solve-either-problem
[16] https://www.adn.com/alaska-news/anchorage/2018/05/02/anchorages-hardest-to-house-homeless-cost-50000-a-year-on-the-street-could-that-money-be-better-spent/
[17] https://drugabuse.com/guide-for-families/addiction-hurts-relationships/, https://www.psychologytoday.com/us/blog/contemplating-divorce/201109/so-youre-married-addict-is-divorce-inevitable,
[18] Civitas Economic Engineering, "Proof that Substance Abuse is the Keystone Driver of Violence, Homelessness, Marriage-Absence, and Endless Crisis Spending, St. Louis, October, 2019.

- Mass shootings (at least 80% correlation)
- Homelessness (nearly 100% correlation)
- Domestic Violence (at least 75% correlation)
- Gun Violence (at least 50% correlation)
- Car, Construction, Work, Other Accidents
- Crime, Property damage, related costs
- High medical, property, accident insurance
- High divorce, illegitimacy, related costs
- Lifelong debilitating mental and physical problems and longitudinal costs (all ages)
- Child Abuse and Neglect
- Educational failure
- "Failure to Launch" permanently-dependent adult children
- Permanent brain damage to children under age 24 caused by marijuana and other drugs
- Suicide by adults and children (600% higher)
- Long-term poverty for women and children
- **Double Governmental Jeopardy: Loss of tax income coupled with compounding demand spending**

Submitted Respectfully,

David R. Usher
Civitas Economic Engineering
1381 Mirandy Drive
Saint Louis, MO 63146
314 624-3455

ADDENDUM:

The following pages are included to provide additional research, facts, information and citations of authorities the auditor's staff may wish to use to adjust or verify our estimation.

Unconstitutionality Of Legalizing Psychoactive Marijuana

We believe it is within the jurisdiction of the Attorney General and perhaps the Secretary of State to reject the above constitutional initiatives to protect the Constitution of the State of Missouri from being suborned by provisions detrimental to the purpose of Constitutional government and the general welfare of the Citizens of the State of Missouri.

> **Cite:** Article 1 Section 2 of the Missouri Constitution requires the state to serve the general welfare of the Citizens. The idea that the state should go into business making money selling drugs that drive violence, homelessness, divorce, and poverty fully opposes the purpose of Constitutional government in the State of Missouri:
>
> Promotion of general welfare--natural rights of persons--equality under the law--purpose of government.
>
> Section 2. That all constitutional government is intended to promote the general welfare of the people; that all persons have a natural right to life, liberty, the pursuit of happiness and the enjoyment of the gains of their own industry; that all persons are created equal and are entitled to equal rights and opportunity under the law; that to give security to these things is the principal office of government, and that when government does not confer this security, it fails in its chief design.
>
> Source: Const. of 1875, Art. II, § 4.

A large body of data exists documenting the consequences of legalizing marijuana over the past 12 years in other states and by the federal government, herein cited below.

This easily-obtained body of publicly-accessible documentation provides incontrovertible and convincing evidence that the legalization of marijuana containing a primary ingredient of THC causes great Harms to the general welfare of the people. It causes many social, economic, and legal consequences, resulting in crushing costs and legal dilemmas to the state, local jurisdictions, businesses, and individuals. It is not possible to reverse these consequences and equitably correct the Harms regardless of crisis-management expense by the State and local governments.

We suggest that the Attorney General has a duty to *protect* the Missouri Constitution by rejecting any Constitutional Amendment Initiative containing language that offends, controverts, opposes, or violates settled law principles set forth in the Missouri Constitution.

We state that the form of IP 2020-125 Section 2.1 is deceptive and must be rejected in the absence of evidence from proponents proving that their claims regarding very positive impact of the Initiative are in fact true and accurate

.

We have a large body of studies, reports, and longitudinal data from other states that legalized psychoactive marijuana for "medicinal" or recreational purposes proving that the statements contained in IP 2020-125 Section 2.2 "Purpose" are false and deceptive.

The White House Office of National Drug Control Policy (ONDCP)[19] has issued The Rocky Mountain High Intensity Drug Trafficking Area Report [20], an extensive series of longitudinal reports spanning 23 years tracking marijuana use and abuse in Colorado, Montana, Utah, and Wyoming since 1996. The ONDCP uniformly reports harm to citizens who use marijuana and finds no salutary benefits worthy of Constitutional protection or recognition.

I am available to consult and testify to the facts below on behalf of the Citizens of the State of Missouri and/or as an advisor to the Missouri Attorney General's Office as a Subject Matter Expert on marijuana legalization

We find both of the above Initiatives invalid. The intent stated in the language of **Section 2.1. "Purpose"** is opposite of the actual effect the Constitutional Amendment will impose on the Citizens of the State of Missouri:

Section 2. Marijuana Legalization, Regulation, and Taxation

1. Purpose.

The purpose of this section is to make marijuana legal under state and local law for adults twenty-one years of age or older, and to control the commercial production and distribution of marijuana under a system that licenses, regulates, and taxes the businesses involved while protecting public health. The intent is to prevent arrest and penalty for personal possession and cultivation of limited amounts of marijuana by adults twenty-one years of age or older; remove the commercial production and distribution of marijuana from the illicit market; prevent revenue generated from commerce in marijuana from going to criminal enterprises; prevent the distribution of marijuana to persons under twenty-one years of age; prevent the diversion of marijuana to illicit markets; protect health by ensuring the safety of marijuana and products containing marijuana; and ensure the security of marijuana facilities. To the fullest extent possible, this section shall be interpreted in accordance with the purpose and intent set forth in this section.

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The Policy Impact of both Initiatives:

1. **THC vs. CBD: Fraudulent misrepresentation of fact by omission.**

    a. The Definitions, Section 2. (6) on both Initiatives do not state that "recreational marijuana" containing THC is being legalized. The initiative uses scientific plant names that that the average person does not understand. Marijuana is defined deceptively as any form of marijuana not containing CBD. Many voters will not understand that this Initiative legalizes recreational psychoactive marijuana with no proven medical advantages over CBD, but is bred to get people very "high".

[19] https://www.whitehouse.gov/ondcp/
[20] https://rmhidta.org/default.aspx?act=documents2.aspx&DocumentCategoryID=27&AspxAutoDetectCookieSupport=1

(6) "Marijuana" means *cannabis indica*, *cannabis sativa*, and *cannabis ruderalis*, hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana or cannabis, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" does not include industrial hemp including any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not with a delta-9 tetrahydrocannabinol concentration of not more than three-tenths of one percent on a dry weight basis, or commodities or products manufactured with industrial hemp, or any other ingredient combined with marijuana or marijuana to prepare topical or oral administrations, food, drink, or other products.

b. Marijuana grown for "recreational" use is specifically bred to reduce CBD content to near-zero because CBD kills the "high" caused by THC. Therefore, we can decisively state that psychoactive marijuana is genetically bred and engineered to get people "high", not to provide medical benefits that do not put the patient at risk for car accidents, paranoia, hallucinations, suicide, or addiction.

c. Medical uses for CBD (cannabiol) legalized under the trade name Epidiolex are well-documented and understood. CBD provides the medical properties that are medically beneficial without the "high" caused by THC. There is no harm to citizens and no consequential costs to the state by the legalization of CBD-based products. The Missouri legislature enacted law in 2018 legalizing farming of marijuana plants genetically hybridized to produce CBD with little or no THC in the plant.

d. There are no proven **additional** medical benefits of psychoactive marijuana over what is provided by CBD.[21] Proponents of recreational marijuana flooded the internet and media with anectdotal claims that pmarijuana might be beneficial for sleep disorders, morning sickness, pain, and other ailments, but there is no peer-reviewed medical testing or evidence that THC does anything more than get people "high". Studies do say that, if anything, recreational marijuana only delays pain.

CBD vs. THC: Medical benefits

CBD and THC have many of the same medical benefits. They can provide relief from several of the same conditions. However, CBD doesn't cause the euphoric effects that occur with THC. Some people may prefer to use CBD because of the lack of this side effect.

In June 2018, the Food and Drug Administration approved Epidiolex, the first prescription medication to contain CBD. It's used to treat rare, difficult-to-control forms of epilepsy.

2. **<u>Health Consequences of Psychoactive Marijuana</u>:**

It is impossible for licensure, regulation, or taxation of marijuana to "protect public health". Legalizing a destructive recreational drug increases documented Harm to citizens and the state.

The health consequences and costs to the state making recreational use and abuse of psychoactive marijuana a constitutional right are not disclosed in the Initiative.

[21] https://www.healthline.com/health/cbd-vs-thc#medical-benefits

"Public health" includes the physical, emotional, mental, financial, employability, and health care costs imposed on individuals.

a. Marijuana is a drug that even in the best of situations is a primary driver of domestic, violence, gun violence, mass violence, school failure, homelessness, mental health problems, divorce, crime, and employment problems. THC causes permanent brain damage in individuals under age 24 and the unborn, and is an incontrovertible medical threat to public health.
b. Psychoactive marijuana harms public health no matter whether it is inhaled, smoked, or ingested. Peer-reviewed studies prove there are few, if any benefits of marijuana or THC on the human body. It is an addictive, mood-altering chemical used for getting high. It is classified as a Class-1 drug alongside heroin, lysergic acid diethylamide (LSD), marijuana (cannabis), 3,4-methylenedioxymethamphetamine (ecstasy), methaqualone, and peyote

- Proponents of psychoactive marijuana claim many possible medicinal benefits but none have been found medically effective or safe, and none are undergoing approved by the FDA.
- Marijuana causes amotivational syndrome, psychosis, acute psychosis, schizophrenia, tachycardia, postural hypotension, cyclic vomiting syndrome, attention impairment, hypotension, panic, anxiety, myoclonic jerking/hyperkinesis, delirium, respiratory depression, ataxia, and conjunctivitis.[22] Half of young adults in Massachusetts report using marijuana.[23] Marijuana smoke is significantly more damaging to heart, lungs, and circulatory system than cigarette smoke.[24]
- In school, marijuana-exposed children are more likely to show gaps in problem-solving skills, memory, the ability to remain attentive, low birth weight, and decreased motor development.[25] MRI scans confirm damage to the prefrontal cortex[26].
- Trying marijuana by age 15 doubles the risk of addiction.[27] Marijuana is a mixer drug. 60% of Marijuana users also misuse illegal and prescription drugs.[28]
- A noted large-group controlled study by Harvard psycho-biologist Dr. Bertha Madras, analyzing 65,454 brain scans from 31,227 people age 9 months to 105 years proved that marijuana cuts blood flow (and ages brains) similarly to bipolar disorder, ADHD, and schizophrenia.[29] Reduced blood flow is also linked to dementia and stroke.

[22] https://www.ncbi.nlm.nih.gov/books/NBK430823/
[23] http://dailycaller.com/2018/08/03/us-pot-capital-massachusetts/
[24] https://www.nhs.uk/news/cancer/smoking-cannabis-worse-than-tobacco/
[25] https://www.drugabuse.gov/publications/research-reports/marijuana/can-marijuana-use-during-pregnancy-harm-baby
[26] http://www.dailymail.co.uk/health/article-3651255/How-pot-harms-baby-s-brain-Smoking-cannabis-pregnancy-impairs-memory-decision-making-personality.html
[27] http://www.dailymail.co.uk/health/article-5754165/Teens-try-marijuana-age-15-TWICE-likely-develop-addiction.html

[28] https://www.breitbart.com/news/study-medical-marijuana-users-likely-to-use-other-drugs/
[29] http://www.dailymail.co.uk/health/article-6086073/Smoking-cannabis-ages-brain-average-2-8-YEARS.html

- In youth, marijuana causes depression, functional problems, and educational failure.[30] Colorado's youth marijuana usage rate 74% higher than the national average[31] because it is seen as "safe" because it is legal.
- Pot advocates teach people to believe it is safe to drive stoned[32] when in fact it is dangerous.[33]
- With marijuana being a "multiplier drug" enhancing the effects of alcohol,[34] many individuals drive when they are drunk *and* stoned, resulting in many more deaths.[35] Driving drunk and stoned doubles the driving risk.[36]
- Colorado's noted Colorado Christian University Centennial Institute found that marijuana legalization resulted in great economic, social, physical losses to the State of Colorado and its Citizens: [37]
    - **For every dollar gained in tax revenue, Coloradans spent approximately $4.50 to mitigate the effects of legalization.**
    - **The cost of DUI's for people who tested positive for marijuana in 2016 was over $25-million.**
    - **Costs related to the healthcare system and from high school drop-outs are the largest cost contributors.**
    - Like tobacco, commercial marijuana is likely to have health consequences that we won't be able to determine for decades.
    - 69% of marijuana users say they have driven under the influence of marijuana at least once, and 27% admit to driving under the influence on a daily basis.
    - Research does suggest that long-term marijuana use may lead to reduced cognitive ability, particularly in people who begin using it before they turn 18.
    - Adult marijuana users generally have lower educational attainment than non-users
    - The marijuana industry used enough electricity to power 32,355 homes in 2016
- Marijuana "normalization" results in state-sponsored child abuse and neglect. Abuse of any drug results in profound impact to children. here many proven stories of adults getting babies[38] or children[39] stoned, abusing them, neglecting them, babies born "high", children being raised in marijuana "grow" operations, and leaving marijuana where children can use it.
- When entire urban areas reek of pot,[40] we know that marijuana addiction is a seminal public safety and health problem.[41]

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[30] http://www.dailymail.co.uk/health/article-4728102/Increasing-marijuana-use-age-linked-depression.html
[31] https://amp.usatoday.com/amp/536010001
[32] https://melmagazine.com/where-were-at-with-driving-while-stoned-6d44ffe9cf52
[33] https://www.usatoday.com/story/opinion/2018/01/01/drugged-driving-marijuana-dangerous-take-seriously-kyle-clark-column/990398001/
[34] https://www.youtube.com/watch?v=zTeaOTkjut0
[35] https://keprtv.com/news/local/driving-drunk-and-stoned-alarming-new-trend-killing-hundreds-on-wash-highways
[36] https://www.promises.com/articles/substance-abuse/drunk-stoned-behind-wheel-double-driving-risk/
[37] http://www.ccu.edu/centennial/policy-briefs/marijuana-costs/
[38] https://www.cnn.com/2016/09/23/health/child-marijuana-video-trnd/index.html
[39] https://www.dailymail.co.uk/news/article-6140523/Parents-rage-videos-showing-babysitters-abusing-nine-year-old-son-Syndrome.html
[40] https://www.bostonglobe.com/lifestyle/style/2017/07/04/you-love-smell-marijuana-morning/VWnegTgDNDdNJGHlFM6QcP/story.html

- The Colorado School of Public Health[42] study recognized that children are being "prescribed" psychoactive marijuana in Colorado and that parents use pot as a "parenting tool" to calm themselves (p. 33).[43]
- The American Academy of Child and Adolescent Psychiatry formally opposes marijuana legalization.[44]

3. **Homelessness:**

   Marijuana and abuse of other drugs drives the tragic and very expensive homelessness crisis. Marijuana is the most commonly abused drug by the homeless.

   - The correlation between substance abuse and homelessness is nearly 100% because nobody dares to help a drug abuser by letting them move into their home.
   - San Francisco is spending $280-million annually on homelessness[45] — over $37,000 per person – not including another $65-million on street cleanup[46] – for a total of $345-million in expenses for just one city
   - Orange County is spending nearly $300-million[47] on homelessness.
   - Los Angeles County is spending $1-billion annually on homelessness[48] with no end in sight.

4. **Expansion of the Illicit marijuana Market: cultivation, smuggling, interdiction, arrests, and prosecutions**

   IP 2020-125 Section 1. Purpose does not accurately state the purpose of the Initiative. There is no body of documentation proving the theories stated are anything other than theories.

   We have in our possession abundant documentation proving that the statements made in Section 1. Purpose are undocumented theories or marketing language that are 180-degree opposite of what marijuana legalization caused in all other states.

   The benefits asserted are entirely false, unproven, and controverted by abundant historical documented proof about the consequences of marijuana legalization in all other states we have studied.

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[41] https://www.washingtonpost.com/lifestyle/style/its-summer-and-washington-smells-like-weed-everywhere-all-the-time/2017/07/03/10d3461a-578a-11e7-b38e-35fd8e0c288f_story.html?utm_term=.ce5c714165fa

[42] http://www.ucdenver.edu/academics/colleges/PublicHealth/Academics/departments/HealthSystems/Research/Documents/MJ%20CW%20HIA%20Final%20Report%2011.3.2016.pdf

[43] http://www.ucdenver.edu/academics/colleges/PublicHealth/Academics/departments/HealthSystems/Research/Documents/MJ%20CW%20HIA%20Final%20Report%2011.3.2016.pdf

[44] https://www.aacap.org/AACAP/Policy_Statements/2012/AACAP_Medical_Marijuana_Policy_Statement.aspx

[45] https://www.nbcbayarea.com/news/local/SF-Mayor-Theres-more-feces-on-the-sidewalks-than-Ive-ever-seen-488156431.html

[46] https://www.nbcbayarea.com/news/local/SF-Mayor-Theres-more-feces-on-the-sidewalks-than-Ive-ever-seen-488156431.html

[47] https://www.ocregister.com/2017/03/08/price-tag-of-homelessness-in-orange-county-is-nearly-300-million-uci-study-finds/

[48] http://www.latimes.com/local/lanow/la-me-county-homelessness-spending-20160205-story.html

Where the Purposes stated are a gross misrepresentation of documented facts, with massive fiscal costs to the State and local jurisdictions intentionally concealed, we urge the Secretary of State and the Attorney General to reject IP 2020-125 on the grounds that an accurate Fiscal note is impossible to estimate until a longitudinal cost study is done a Big Four accounting firm.

We suggest that if recreational marijuana is to be legalized, it should be done by the Missouri Legislature which is in the statutory position to conduct appropriate cost and impact, and budget studies before passing legislation:

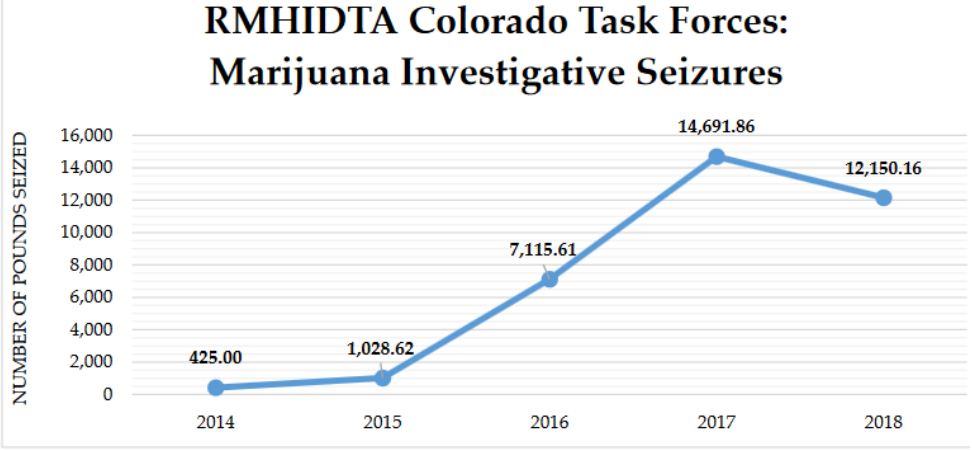
A. Legalization of recreational marijuana does not "remove (or reduce} **the commercial production and distribution, of marijuana from the illicit market". The illicit market and costs to the state expand precipitously with legalization of recreational marijuana.**

- Illegal pot is now commonly grown in state parks in California, Colorado, Washington, and other states with great damage done to the environment due to noxious chemicals going into waterways. Interdiction is expensive and underfunded. There are many articles about this we can provide to prove this fact. [49] [50] [51]
- Approximately 10% of low income housing in Colorado has been destroyed by illegal growers who rent cheap houses to grow pot, which then have to be torn down because of mold and toxic chemicals. This decreases housing available to low-income citizens and effectively makes them homeless. There are many news stories and police testimony documenting this fact. [52] [53] [54]
- Los Angeles recently charged over 500 people running illegal pot businesses.[55]
- Seizures of black market marijuana in Colorado increased 1042% since recreational marijuana was legalized.[56]

  - Seizures of Colorado marijuana in the U.S. mail system has **increased 1,042 percent** from an average of 52 parcels (2009-2012) to an average of 594 parcels (2013-2017) during the time recreational marijuana has been legal.

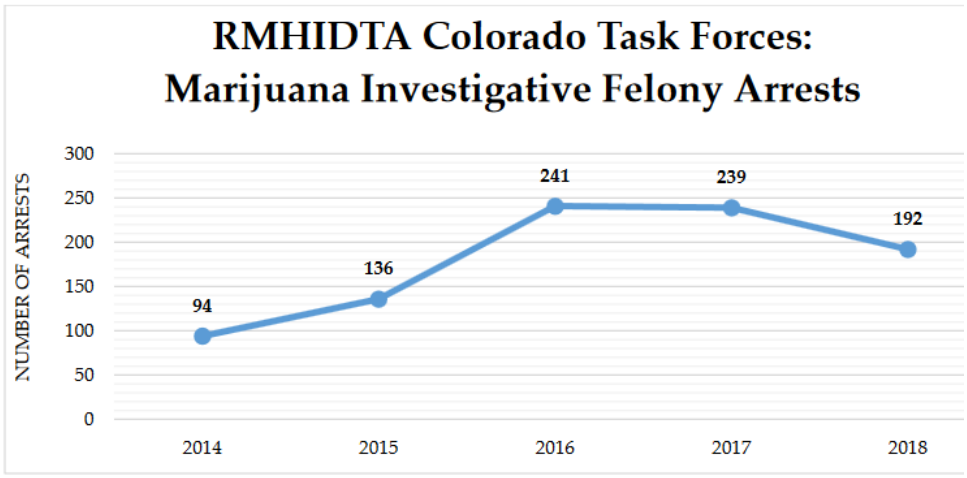
- The number of seizures of illegally-grown marijuana increased 2800% since the legalization of recreational marijuana in Colorado.[57]

[49] https://www.theatlantic.com/science/archive/2017/03/backcountry-drug-war/521352/
[50] https://e360.yale.edu/features/the_high_environmental_cost_of_illicit_marijuana_cultivation
[51] https://www.sciencedaily.com/releases/2017/02/170221081736.htm
[52] https://www.westword.com/marijuana/colorado-springs-police-continue-comparisons-of-marijuana-home-grows-to-meth-houses-9900178
[53] https://www.nytimes.com/2019/04/27/us/marijuana-california-legalization.html
[54] https://www.denverpost.com/2017/07/31/marijuana-leaving-colorado-homes-mold/
[55] https://www.sacbee.com/latest-news/article218010230.html
[56] http://msani.org/wp-content/uploads/2019/09/The-Legalization-of-Marijuana-in-Colo.The-Impact.-Volume-6.pdf; pg. 49
[57] http://msani.org/wp-content/uploads/2019/09/The-Legalization-of-Marijuana-in-Colo.The-Impact.-Volume-6.pdf, page 51



SOURCE: Rocky Mountain HIDTA Performance Management Process (PMP) Data

- The number of felony arrests for marijuana increased by 208% in Colorado from 2014 to 2018 after recreational marijuana was legalized:[58]

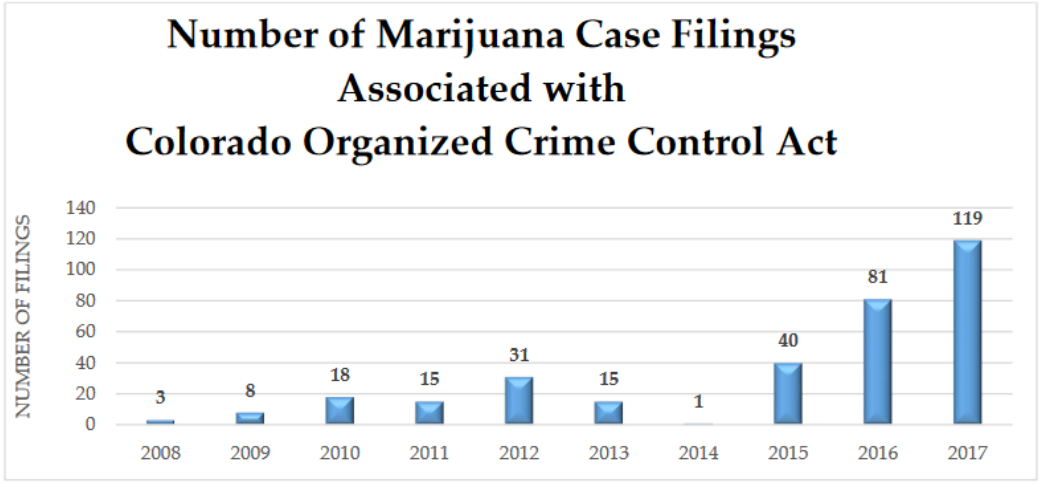


SOURCE: Rocky Mountain HIDTA Performance Management Process (PMP) Data

- The number of case filings under the Colorado Organized Crime Control Act increased 11,900% since recreational marijuana was legalized in 2014:[59]

[58] http://msani.org/wp-content/uploads/2019/09/The-Legalization-of-Marijuana-in-Colo.The-Impact.-Volume-6.pdf, pg 52.
[59] http://msani.org/wp-content/uploads/2019/09/The-Legalization-of-Marijuana-in-Colo.The-Impact.-Volume-6.pdf pg 52

Colorado Organized Crime Control Act Filings



SOURCE: Colorado Department of Public Safety, Division of Criminal Justice, Office of Research and Statistics

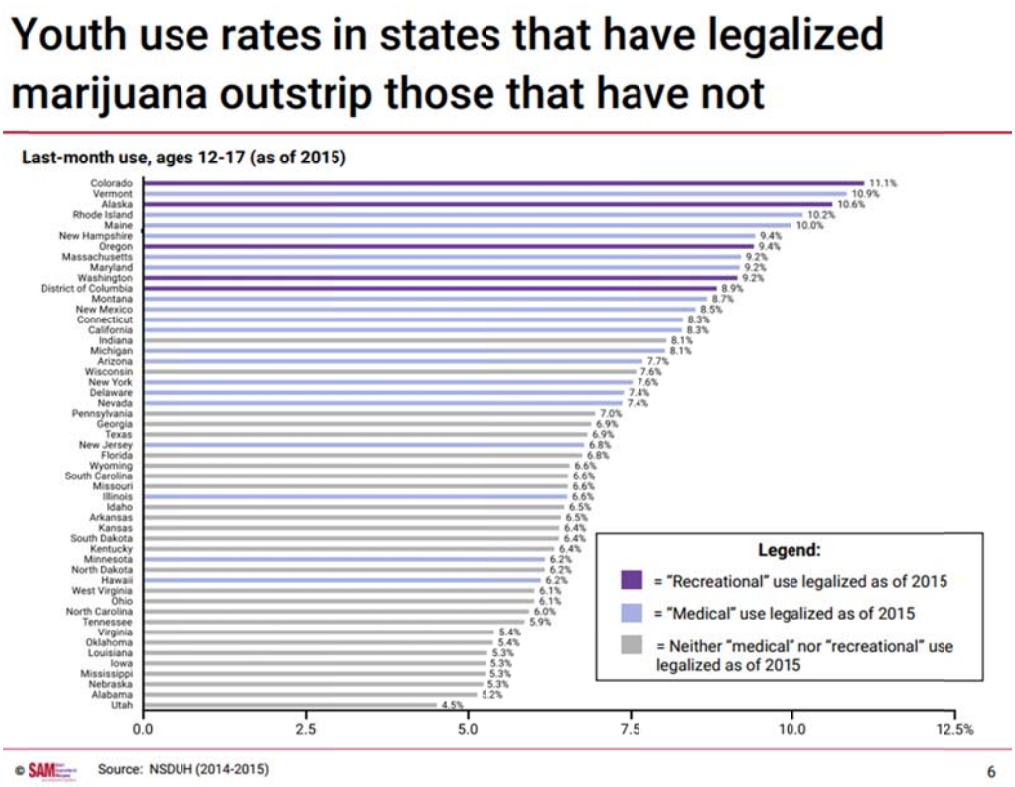
- Colorado Organized Crime Control Act (COCCA) filings are conspiracy cases in which there is potential for a larger sentence than other types of drug filings.

B. Distribution of marijuana to minors will increase

These Initiatives will not prevent the distribution of marijuana to persons under twenty-one years of age. Marijuana use by youths age 12-17 and a variety of consequential mental health problems increased precipitously in states that legalized either "medical" or "recreational" marijuana according to the National Survey on Drug Abuse and Health (NSDUH)[60] administered by the federal Substance Abuse and Mental Health Services Administration (SAMSHA).

- Substance abuse rates are as much as 244% higher in states that legalized any form of psychoactive marijuana. There is no data proving a decrease in substance abuse by young adults in states that legalized any form of psychoactive marijuana. The structure of this IP contains no policy different from other states that would result in a decrease of distribution marijuana to persons under age 21:[61]

[60] https://nsduhweb.rti.org/respweb/homepage.cfm; https://www.samhsa.gov/data/sites/default/files/NSDUH-FFR1-2016/NSDUH-FFR1-2016.pdf
[61] https://learnaboutsam.org/wp-content/uploads/2017/04/MMJgraph.png



o From 2009 to 2017, ingestion of marijuana by youth increased an mean average of 27% per year in states that legalized any form of psychoactive marijuana:[62]

Children Ingesting Marijuana Increase after Legalization of Marijuana

From January 2000 through June 2017 there were nearly 3,000 ingestions of marijuana by children younger than six. Over 70% of those ingestions were by children under the age of 3 and more than half received some form of hospital-based care. Symptoms in the children ranged from drowsiness and confusion to seizures and coma. Before 2009 there was no significant change in either the number or rate of marijuana ingestions, however from 2009 to 2017 the mean annual increase was 27% per year rising to 742 ingestions per year. Over 70% of those ingestions occurred in states with legalized marijuana.

SOURCE: **Wang, Sam. (2019). *Study shows increase in ingestions of marijuana by children in U.S.* Nationwide Children's Hospital.**

C. Revenue to criminal enterprises will increase

Both initiatives will increase the revenue generated by illicit marijuana going to criminal enterprises. The IP will increase the diversion of marijuana to illegal enterprises and create a new shadow street market based on back-door sales by licensed growers and sales outlets. Every state that legalized "recreational" (sometimes called medical) marijuana has seen significant increases in criminal illegal cultivation, smuggling, interdiction, arrests, and prosecutions.

[62] http://msani.org/wp-content/uploads/2019/09/The-Legalization-of-Marijuana-in-Colo.The-Impact.-Volume-6.pdf; pg 48.

These initiatives will not decrease revenue to illicit markets. Illegal marijuana growing, distribution, smuggling, and importation has been proven to be stimulated by marijuana legalization. This drives increases in violent crime, and does not decrease criminal prosecutions for illegal marijuana growing, sales, and production.

- When marijuana is legalized, the market size for marijuana increases exponentially. This drives increases in local illegal growing and importation from Mexico.
- Interdictions of illegal product actually increase and there are actually more arrests for illegal growing. Over 400 polluted grow sites exist in California[63] in public forests.
- Illegal marijuana costs much less than state-approved marijuana – causing a new and very large black market to appear that is difficult to interdict because the state cannot prosecute without proving that the pot is illegal.
- In Colorado, legal stores are selling only about 1/3 of the product they anticipated. Licensed growers end up selling overproduction on the black market to keep from going bankrupt. *Licensing does not encourage above-board commercial activity. It is driving major expansions of illicit activity that are much more profitable for marijuana business people.*
- At least half of all gun violence is caused by individuals who test positive for illegal drugs at the time of arrest. Marijuana is the most common drug involved in gun violence.[64]
- 76% of domestic violence involves an offender using drugs or alcohol at the time of the offense. (*Ibid., 25)*
- In Washington State, legal production is 300% of sales demand,[65] and prices for "regulated" pot are half of black market prices. So growers are illegally exporting large quantities of pot to non-marijuana states.
- Increasingly violent drug wars in Chicago are a direct consequence of Illinois' marijuana legalization in 2013 with an additional Cook County ballot approval in June, 2018.[66]
- Cartels are buying many inexpensive homes and turning them into marijuana farms[67] to the destruction of community, environment, and real estate markets. In Colorado and California,
- Pot shops are losing a lot of "business" to bootleg weed.[68]
- The "litany of conflicts created by [the paradigm shift of] legal marijuana" have made policing and enforcement expensive, laborious, and difficult.[69]

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[63] https://www.usda.gov/media/blog/2017/08/21/cleaning-illegal-marijuana-grow-sites
[64] BJS, "Alcohol and Crime", (1998) http://bjs.ojp.usdoj.gov/index.cfm?ty=pbdetail&iid=385
[65] https://mjbizdaily.com/washington-state-cannabis-supply-hits-new-low-spurs-calls-change/
[66] http://www.dailymail.co.uk/news/article-6045581/Thats-bad-leadership-Trump-says-theres-no-reason-million-years-people.html
[67] https://www.nbcnews.com/news/us-news/foreign-cartels-embrace-home-grown-marijuana-pot-legal-states-n875666
[68] https://www.usnews.com/news/best-states/california/articles/2018-07-05/illegal-marijuana-market-still-thrives-in-los-angeles?int=undefined-rec
[69] https://www.washingtonpost.com/news/wonk/wp/2017/06/26/legalized-marijuana-is-making-it-harder-for-police-to-search-your-car/

D. FISCAL NOTE:

- **The Fiscal note in the Initiative estimates only administrative costs for implementing the Initiative. Other states failed to estimate the consequential costs and are facing budgetary and social disaster. Missouri must fully understand the costs to the state before approving any Initiative to legalize recreational marijuana.**
- **The costs for interdiction, enforcement, interdiction, environmental damage, gang violence, mass shootings, longitudinal costs for kids who fail in school, mental health problems, divorce, illegitimacy, homelessness, and other problems caused by substance use and abuse will increase significantly and must be estimated in the Fiscal note. Front-line costs to local jurisdictions, who are immediately impacted, must also be estimated so the voters know what they are voting on. I very roughly estimate we are looking at well over $4 billion in costs to the State annually.**

E. Public Safety: IP 2020-125 will result in much higher rates of traffic fatalities, serious environmental risks.

- Pot advocates teach people to believe it is safe to drive stoned[70] when in fact it is dangerous.[71] As we might expect, drugged driving is now the leading cause of traffic deaths.[72]
- In Denver and at least 9 other American cities, laws banning the smoking of marijuana publicly are broadly ignored. Los Angeles just charged over 500 people running illegal pot businesses. Marijuana is being illegally grown in plain sight.
- Illegal grows on public lands are out of control and result in costly, dangerous environmental cleanups. [73]
- The stench[74] of both legal and illegal marijuana farming and its widepread use[75] are driving community disagreement[76] and property value loss.
- Misuse of fertilizer and herbicides poisons public lands, waterways, and kills animals.[77]

[70] https://melmagazine.com/where-were-at-with-driving-while-stoned-6d44ffe9cf52
[71] https://www.usatoday.com/story/opinion/2018/01/01/drugged-driving-marijuana-dangerous-take-seriously-kyle-clark-column/990398001/
[72] https://www.cnn.com/2017/04/27/health/drugged-driving-death-rates-report/index.html
[73] https://www.reuters.com/article/us-usa-marijuana-environment/toxic-waste-from-u-s-pot-farms-alarms-experts-idUSKBN1AM0C3
[74] http://www.bostonherald.com/business/business_markets/2018/05/pot_farm_neighbors_air_grievances_about_stench
[75] https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=5&ved=2ahUKEwixqvi4lu_cAhVBQKwKHVe4A0UQFjAEegQIBxAB&url=https%3A%2F%2Fthefreshtoast.com%2Fcannabis%2Fwhats-that-smell-two-big-east-coast-papers-ask-the-big-question%2F&usg=AOvVaw37uL5VPBvPSczIk86pmMb2
[76] https://www.independent.co.uk/news/world/americas/california-marijuana-crops-smell-skunk-cannabis-carpinteria-a8344451.html
[77] https://www.usnews.com/news/us/articles/2017-09-08/banned-pesticides-from-illegal-pot-farms-seep-into-california-water

F. IP 2020-125 will not "protect health by ensuring the safety of marijuana and products containing marijuana". It will magnify and exacerbate existing health consequences of marijuana use and abuse.

- Psychoactive marijuana will never be a "safe drug". Its effects on individuals are almost entirely harmful with the impact to brain and motor functions extending days or weeks after use.
- THC causes permanent brain damage in individuals under age 24.
- THC causes paranoia and anxiety in many individuals.
- Cannabis-related deaths increased in Colorado by 66% after marijuana was legalized.[78]
- A highlighted 2017 CDOT survey found that 55% of marijuana users surveyed drove a vehicle within two hours of smoking pot with only 32% believing they were "safe to drive". [79]
- Violent crime increased by 40% in Denver since "medical marijuana" was "legalized"[80]
- Violent juvenile crime in Denver was up 11% between 2013 and 2015.[81]
- Chronic homelessness in Denver is at a 10-year high in 2017 [82] (homelessness began increasing as soon as "medical marijuana" was legalized in Colorado in 2008).
- Colorado had a 24% increase — the nation's largest increase — in homeless veterans, at a time when Veteran homelessness is declining nationally.[83]
- Homelessness grew exponentially in every state that legalized psychoactive marijuana. Domestic violence, gun violence, health care crises grew substantially in every state that legalized psychoactive marijuana.
- The problem of illegal street marijuana is so bad that in Colorado cities are forcing growers to spray junk DNA on their product so the State can identify legal vs illegal marijuana. This adds expense for both growers and the state (DNA tests are very expensive) – making legal marijuana even more uncompetitive against street marijuana. **Dangerous Health Risk:** The strains of custom junk DNA used for tracing grower identity have not been FDA tested or approved – creating a potentially serious public health risk that has not been tested or approved by the FDA.
- The KOMO News Special: Seattle is Dying[84] documented and proved that substance abuse – led by marijuana use – is driving a massive homelessness problem in Seattle. They are pushing for mandatory substance abuse treatment in prisons.

G. Marijuana legalization drives significant increases in youth educational, addiction, and school failure.

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[78] http://www.dailymail.co.uk/health/article-4971644/Cannabis-linked-66-rise-traffic-deaths-Colorado.html
[79] https://www.codot.gov/business/budget/cdot-budget/current-budget-documents/fy-2017-18-cdot-proposed-legislative-budget/at_download/file
[80] https://denverite.com/2017/07/03/chronic-homelessness-ten-year-high-metro-denver-heres-citys/
[81] https://www.thedenverchannel.com/news/locViolent juvenile crime was up 11% between 2013 and 2015. al-news/violent-juvenile-crime-on-the-rise-parents-recommended-to-take-action
[82] https://denverite.com/2017/07/03/chronic-homelessness-ten-year-high-metro-denver-heres-citys/
[83] https://www.denverpost.com/2016/11/18/colorado-spike-homeless-veterans/
[84] https://komonews.com/news/local/komo-news-special-seattle-is-dying

- In individuals under age 24, marijuana causes depression, functional problems, and educational failure.[85]
- Colorado's youth marijuana usage rate 74% higher than the national average[86] because it is seen as "safe" because it is legal.
- Rhode Island, which legalized medicinal use, tops the list for use by 12-17 year olds with rates 55% higher than the national average and 82% higher than Idaho (where marijuana is not legal). The percentage of youth aged 12-17 in Alaska that reported past month marijuana use is 80% higher than Idaho youth.[87]

H. Unconstitutional Overreach:

- IP 2020-125 Section 6.(2).(c).(iii) publicly admits that marijuana causes serious substance abuse and addiction *problems and provides funding to "help" citizens whose lives have been destroyed by drug abuse that will be sponsored by the State of Missouri via a constitutionally-protected public-private drug-dealing operation.*
- It is unconstitutional for the State to violate Article 2, Section 1 of the Missouri Constitution by going into business as a drug dealer, and going into business with drug dealers selling "recreational" Class-I drugs known to harm and addict Missouri Citizens.
- An IP that violates any provision of the Missouri Constitution cannot be added to the Missouri Constitution and must be procedurally rejected.
- We would never Constitutionally immunize doctors for recommending cigarettes[88] as they did nearly 60 years ago. We cannot now establish a Constitutional Right and Immunity for the State, drug dealers, and drug-dealing "businesses" to promote and profit from drug addiction.

I. The massive negative fiscal note provisions intentionally designed into IP 2020-125 render it unconstitutional. Section 6. of this IP will structurally impose massive unfunded fiscal mandates, fiscal liabilities, and imponderable policy quagmires on the State of Missouri, the Missouri Legislature, all local jurisdictions, businesses, and taxpayers; as follows:

Cite - IP 2020-125 Section 6. and subsections:

[85] http://www.dailymail.co.uk/health/article-4728102/Increasing-marijuana-use-age-linked-depression.html
[86] https://amp.usatoday.com/amp/536010001
[87] http://keepidaho.org/#modal-10
[88] https://www.youtube.com/watch?v=BYgLAPhbyKg

6. Taxation and Reporting.

(1) A tax shall be levied upon the retail sale of non-medical marijuana sold to consumers at marijuana facilities licensed pursuant to this section within the state. The tax shall be at a rate of fifteen percent of the retail price. The tax shall be collected by each licensed non-medical retail marijuana facility and paid to the department of revenue. After retaining no more than two percent of the total tax collected or its actual collection costs, whichever is less, amounts generated by the tax levied in this section shall be deposited by the department of revenue into the "Veterans, Infrastructure, and Health Fund") created under this subsection. Licensed entities making non-medical retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Veterans, Infrastructure, and Health Fund" which shall consist of taxes and fees collected under this section. The state treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The commissioner of administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall be distributed as follows:

(a) First, to the department, an amount necessary for the department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section;

(b) Next, distributed to the local government where the retail sale occurred, three-fifteenths of the remaining fund balance.

(c) After the distribution to the local government where the retail sale occurred, the remaining fund balance shall be distributed in thirds as follows:

(i) One-third of the remainder of the fund balance shall be transferred to the Missouri veterans commission and allied state agencies, as determined by

(Continued next page)

appropriation, exclusively for health care and other services for military veterans and their dependent families;

(ii) One-third of the remainder of the fund balance to the State Road Fund created under article IV, section 30b of this Constitution for constructing and maintaining an adequate system of connected state highways; and

(iii) One-third of the remainder of the fund balance to the department to provide grants to existing agencies and not-for-profit organizations, whether government or community-based, to increase access to evidence-based low-barrier drug addiction treatment, prioritizing medically proven treatment and overdose prevention and reversal methods and public or private treatment options with an emphasis on reintegrating recipients into their local communities, to support overdose prevention education, and to support job placement, housing, and counseling for those with substance use disorders. Agencies and organizations serving populations with the highest rates of drug-related overdose shall be prioritized to receive the grants.

(d) All monies from the taxes and fees authorized hereunder shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana, a record shall be kept by the seller of all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected, and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the department and the department of revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from and in addition to any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana.

The IP is unconstitutional for the following aggregate reasons:

A. IP 2020-125 provides no funding to pay for the massive fiscal note imposed on the state and local jurisdictions to cover costs of significant increases in homelessness, crime, violence, vehicle accidents, divorce, and other expensive problems that state-sponsored substance abuse has proven to have caused in other states.

B. IP 2020-125 Section 6(1) creates a 15% sales tax on recreational marijuana but intentionally denies funding to the State, local jurisdictions, and businesses to pay for costs of implementation and the diaspora of consequences of marijuana legalization including but not limited to homelessness, interdiction, prisons, environmental cleanup, crime, increased domestic and gun violence, property damage, increased medical, property, and vehicle insurance, OSHA compliance, testing of marijuana for safety, and state and local marijuana regulation infrastructure.

C. IP 2020-125 Section 6(2) forces all but a tiny percent of tax revenues to be donated a "Veterans, Infrastructure, and Health Fund" operating independently of the General Revenue fund, operating as follows:

1. The fund firstly pays for "carrying out" the IP. *It does not fund ongoing operations of state agencies to handle, pay for, or recover from the consequences of this IP or substance abuse.*
2. Funding to Veterans
3. Highway funding,
4. Addiction treatment done by psychiatrists, psychologists, and mental health individuals.

- The State Legislature has responsibility for and is constitutionally required to enact a balanced budget every year. Spending needs consistently outpace tax collections. This IP undermines the Legislature's constititutional right to establish and manage the state budget.

- The directed use of tax revenues defined in the IP are a "Christmas tree" of political buyoffs unrelated to the purpose of the IP. These buy-offs are intended to garner support for the initiative, but do not provide functional use of the revenues to carry out the IP.

- To pass constitutional muster, if the IP directs use of tax revenues, the funds must go to serve a narrowly-tailored purpose fully funding the provisions of the IP without imposing unfunded mandates or tying the hands of the Missouri Legislature to implement the State Budget.

- The majority of tax revenues will not be directed to pay for the costs, impacts, and consequences of marijuana legalization. This forms an unconstitutional unfunded mandate requiring rejection of the IP.

- Section 6. (5) prohibits enactment of any additional taxes on marijuana at the state or local levels to pay for unfunded costs, mandates, and consequences of marijuana legalization. The hands of the legislature, local jurisdictions, and courts are tied.

- The wording of IP 2020-125 Section 6. suggests that the Missouri Supreme Court could rule it unconstitutional for the City of St. Louis to enact a corporate head tax to pay for homelessness – which is caused by substance abuse, or any other tax to pay for problems caused by substance abuse

- I argue that it is unconstitutional for Citizens to force large invisible, un-itemized, un-estimated, unassigned, and unfunded mandates on the State, the Legislature, local jurisdictions, businesses, and Citizens via a Constitutional initiative not afforded strict scrutiny protections for race and sex and designed to procedurally serve and financially execute narrowly-tailored constitutional purpose.

- In Montana, the Marsy's Law IP was ruled unconstitutional by the Montana Supreme Court[89] because of unfunded mandates and an expansive list of unseen impacts that voters, the State, and local jurisdictions could not see or judge within the language of the IP..

> "Although well intentioned, the process leading to **CI-116's passage deprived Montana voters of the ability to consider the many, separate ways it changed Montana's constitution or explain the significant administrative, financial, and compliance burdens its unfunded mandates imposed upon state, county and local governments while jeopardizing the existing rights of everyone involved with the criminal justice system,"** wrote Lewis and Clark County Attorney Leo Gallagher, one of those initially named on the petition to void Marsy's Law, in a press release.

J. IP 2020-125 is unconstitutional in present form because:

A. It forces many unseen and unreconciled changes other state laws, administrative rules for many agencies, police, social services, and local laws that the voters cannot see or vote on.

B. It forces many unseen financial mandates on the state, local jurisdictions, schools, police, and other public institutions.

C. It forces exceptionally-large financial mandates on insurance companies. Insurance companies will be forced to pay for much higher rates of traffic accident, mental health, property, theft, and OSHA and employment-related claims and lawsuits, suicides, and life insurance.

D. It forces unfunded mandates on businesses who will:
- Be forced to deal with, pay for, and clean up after vagrancy, theft, crime, and loss of business caused by homeless encampments.
- Be forced to pay large "head taxes" and other brick-and-mortar taxes that have been imposed on businesses in Colorado, Washington, California, and New York to pay for homelessness and related increases in criminal costs.

E. I believe that the Montana ruling on the many administrative, financial, and compliance burdens imposed on state, local, police, courts, and administrative agencies, and the very large costs imposed on businesses and insurance companies prove that **IP 2020-125** is an unconstitutional Initiative in the form it is written, and must be rejected. Marijuana legalization is a complicated issue that must be handled and funded by the Missouri Legislature.

[89] https://www.greatfallstribune.com/story/news/2017/11/01/montana-supreme-court-marsys-law-initiative-unconstitutional-victims-rights/822077001/

Citations: Key Source Studies and Reports

- "The Rocky Mountain High Intensity Drug Trafficking Area"[90]; The White House Office on National Drug Control Policy.
- "Economic and Social Costs of Marijuana Legalization;[91] Colorado Christian University Centennial Institute, November 15, 2018
- "The Chronic State"[92]; Drug Free Idaho[93] – Video documenting consequences of marijuana normalization
- Report: The Costly Fraud of Marijuana Normalization;[94] The Center for Marriage Policy, February 12, 2018
- KOMO News Special: Seattle is Dying; March 19, 2019, KOMO TV – Documentary proving the tight link between marijuana and homelessness.

[90] https://rmhidta.org/default.aspx?menuitemid=781&menugroup=RMHIDTA+Public+Overview&AspxAutoDetectCookieSupport=1
[91] http://www.ccu.edu/centennial/policy-briefs/marijuana-costs/
[92] https://www.youtube.com/watch?v=hhHI01CCFxQ
[93] https://drugfreeidaho.org/
[94] http://marriagepolicy.org/2018/09/report-the-costly-fraud-of-marijuana-normalization/

Proof that Substance Abuse is the Keystone Driver of Violence, Homelessness, Marriage-Absence, and Endless Crisis Spending

and

A Simple Statute Giving Every Family The Ability to Stop Serious Substance Abuse Where It Starts:

The Family

Resulting in:

Significant Reductions of State and Local Crisis Demand Spending

By David R. Usher
Civitas Economic Engineering
St. Louis, Missouri
dusher@gmx.com
October 14, 2019

Use Space Bar to advance auto-play manually
Use Left Arrow to go back / repeat

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The cycle of community failure begins with substance abuse.

The cycle of urban success begins with families being empowered with choice-based policy to drive substance abuse out of their neighborhoods – *one family at a time.*

Fact: Substance Abuse is the primary driver of violence in America

- 76% of domestic violence involves an offender using drugs or alcohol **at the time of the offense. ***
- At least 50% of non-intimate violence involves an offender using drugs or alcohol **at the time of the offense. ***
- **Underreporting**: The BJS did not report how much violence involves individuals addicted to substances who were not "high" at the time of the offense. *

Among victims of violence who were able to describe the offender's use of drugs or alcohol, about two-thirds in an intimate relationship with the offender reported the offender's drinking at the time of the crime.

Victim-offender relationship	Total	Offender using: Alcohol	Drugs	Drugs or alcohol	Neither drugs nor alcohol
All victims of violence	100%	28%	7%	9%	56%
Intimate*	100	55	9	12	25
Nonmarital relative	100	38	14	12	36
Acquaintance	100	28	9	10	52
Stranger	100	24	6	7	63

*Includes current or former spouse, boyfriend, and girlfriend.

Figure 3

- 75% of people who begin treatment for drug addiction report performing acts of violence, including (but not limited to) mugging, physical assault, and using a weapon to attack another person.**
- Gun owners who have been convicted of an alcohol-related offense, such as driving under the influence or drunk and disorderly conduct, are up to five times more likely to be arrested for a violent or firearm-related crime than those who have not. ***

* BJS, "Alcohol and Crime", (1998) http://bjs.ojp.usdoj.gov/index.cfm?ty=pbdetail&iid=385

** Chermack ST, Murray RL, Walton MA, et al. Partner aggression among men and women in substance use disorder treatment: correlates of psychological and physical aggression and injury. *Drug Alcohol Depend*. 2008;98:35-44.

*** *Firearms, alcohol and crime , BMJ Journals, Volume 24, Issue 1, 4/21/2016;* https://injuryprevention.bmj.com/content/24/1/68

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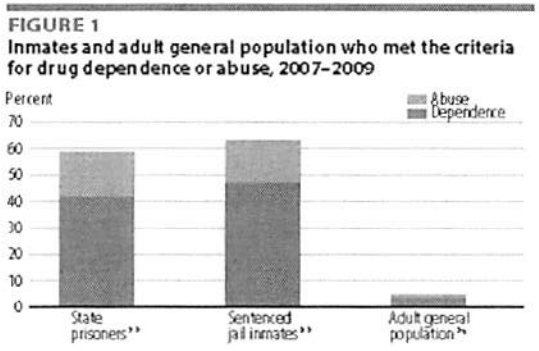
Fact: Substance Abuse is the primary driver of crime and violence in America

- About 60% of the prison population has met the DSM-IV criteria for drug dependence or abuse.*
- Almost 40% of people locked up for property crimes and 14% of those incarcerated for violent crimes reported that they had committed their most serious offense for drug-related reasons. *
- During 2007-09, prisoners (77%) and jail inmates (78%) reported having ever used marijuana/hashish, more than any other drug*
- NOTE: The above figures are understated because:
  1. Substance users tend to be reticent admitting to using substances .
  2. Substance users who were killed, escaped while committing a crime, or not arrested are not included in this data set.
  3. Individuals misusing prescription drugs are often not triaged until a deep investigation into a violent crime is specifically made.
  4. **Substance abuse causes symptoms presumed to be "mental illness" until diagnosed as a "substance use disorder". *An unknown but significant amount of substance abuse is undiagnosed, misreported as "mental illness", and improperly blamed on "mental illness".* The Sandy Hook case is an example of misreporting later corrected by deep police investigation.**



- **Psychiatric drug cover-up: There have been at least 27 school shootings committed by those taking or withdrawing from psychiatric drugs *such as opiates*, resulting in 162 wounded and 72 students and/or faculty killed ... *there has yet to be a federal investigation in the United States on the link between psychiatric drugs and acts of school or other mass shooting.* ****

* Results from the 2017 National Survey on Drug Use and Health (HHS Publication No. SMA 18-5068) Bureau Of Justice Statistics, September, 2018; https://www.bjs.gov/content/pub/pdf/dudaspji0709.pdf

** "School Shootings and Student Mental Health: Role of the School Counselor in Mitigating Violence", Allison Paolini, American Counseling Association Knowledge Center, 2013; https://www.counseling.org/knowledge-center/vistas/by-subject2/vistas-crisis/docs/default-source/vistas/school-shootings-and-student-mental-health

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Fact: Substance Abuse is also the primary driver of homelessness in America

- A 2008 survey by the United States Conference of Mayors asked 25 cities for their top three causes of homelessness. Substance abuse was the single largest cause of homelessness for single adults (reported by 68% of cities).[1]
- Scott Lindsay, a consultant to the Mayor of Seattle, investigated the cases of about 100 homeless people in Seattle and found that 100% of them had a substance abuse problem. Over 2/3 have been arrested for theft this year. Retailers are hit hard by theft. [2]

Why do substance abusers end up homeless?

- If you are a hard working person and you accidentally end up in hard times, your friends or your church will take you in or help you find a place to live until you get your feet back on the ground.
- But if you are a drug addict and end up divorced, unemployed, or destitute, nobody will help you or let you move in with them. You are on your own living on the streets unless you can find room in a homeless shelter.

Our Policy Meta-analysis:

- **Our extensive review of interdisciplinary literature indicates that the onset of substance abuse -- most often in the family -- is the predominant lifespan factor driving homelessness and many other serious longitudinal consequences for individuals and families.**
- **Homelessness cannot be managed via end-stage crisis-cleanup programs. Free housing, food, and support services are a formula for long-term dependence, not recovery and independence. *The emphasis must be on upstream substance abuse policy in the family.***
- **Substance abuse usually begins because of social and environmental factors. As substance abuse advances to addiction, epigenetic change to brain DNA takes place, modifying neural networks in ways that can persist beyond the time of drug intake and may become permanent.[3] *Therefore substance abuse treatment must occur near the onset of substance abuse, which is commonly the family.***
- **Homelessness can be effectively prevented via simple policies *healing early-stage substance abuse in families before irreversible chronic phase consequences and hopelessness have destroyed families.***

1. National Coalition for the Homeless, "Substance Abuse and Homelessness"; July, 2009; https://www.nationalhomeless.org/factsheets/addiction.html
2. Seattle Business Magazine, https://www.seattlebusinessmag.com/editors-note/conflating-seattle-street-crime-homeless-wont-solve-either-problem
3. Epigenetic Effects of Drugs of Abuse, Thomas Heinbockel* and Antonei B. Csoka; Int J Environ Res Public Health. 2018 Oct; 15(10): 2098. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6210395/

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Impacting Substance Abuse in the family is the key to balancing local, state, and federal budgets

Substance abuse is the riverhead driving a long list of serious intergenerational consequences. Below is a partial list of costly consequences of unaddressed substance abuse in the family:

- Mass shootings (at least 80% correlation)
- Homelessness (nearly 100% correlation)
- Domestic Violence (at least 75% correlation)
- Gun Violence (at least 50% correlation)
- Car, Construction, Work, Other Accidents
- Crime, Property damage, related costs
- High medical, property, accident insurance
- High divorce, illegitimacy, related costs
- Lifelong debilitating mental and physical problems and longitudinal costs (all ages)
- Child Abuse and Neglect
- Educational failure
- "Failure to Launch" permanently-dependent adult children
- Permanent brain damage to children under age 24 caused by marijuana and other drugs
- Suicide by adults and children (600% higher)
- Long-term poverty for women and children
- **Double Governmental Jeopardy: Loss of tax income coupled with compounding demand spending**

Today there are no federal or state policies impacting substance abuse in the family.
Filling the "Recovery Gap" is the only way we can reverse the trend of costly, violent socioeconomic collapse

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Ending family disruption driven by substance abuse is the key to balancing government budgets and maintaining a strong economy over time

- Marriage is the socioeconomic engine creating the motivated, educated, reliable work force that businesses want and need.
- Marriage guarantees the lowest crime rates, poverty rates, and means-tested welfare costs.
- Marriage guarantees the brightest social and economic outcomes for women and children.
- We either have big marriage or big government. *Marriage metrics report success or failure of social policy just like employment/unemployment metrics report success or failure of economic policy*. **Success in both sectors is required for a balanced budget.**
- Political parties are at loggerheads arguing about high crime rates, poverty, violence, and deficit spending. Our political system is overwhelmed and the rule of Constitutional law existentially threatened by the trickle-down consequences of substance abuse. **Government will be increasingly frantic, volatile, radical, and unproductive until we finally reverse the unaddressed trend of substance abuse.**
- Health care financial metrics will stabilize. Far fewer individuals will need free health care when mass substance abuse is obviated. National Health Care can be retired without a fight.
- Gun control will fall by the wayside as a national issue.

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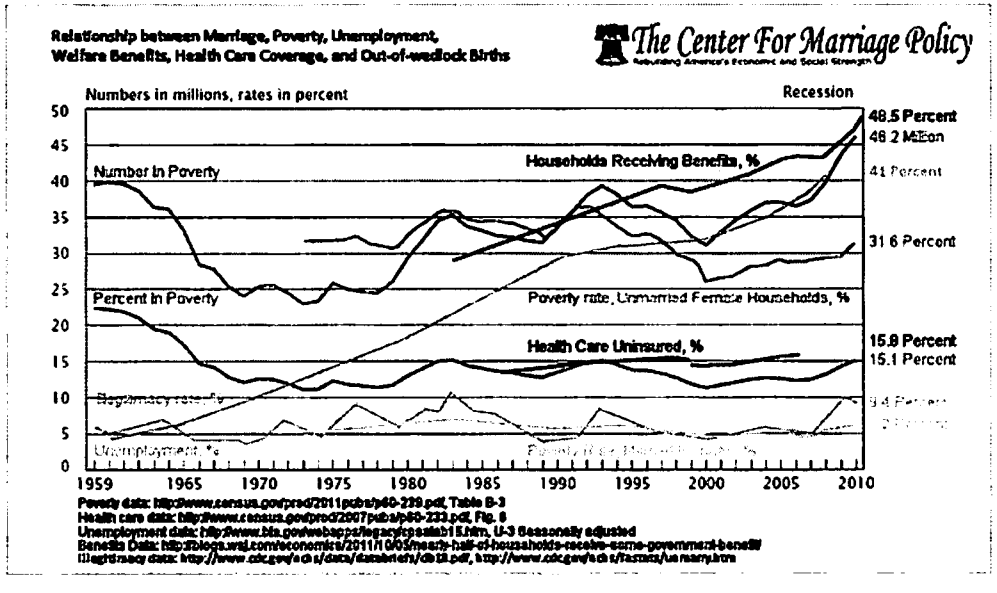
Why Building Marriage is the key to balancing budgets.

- **Despite welfare spending being the largest line item in the federal budget, the poverty rate for married families is consistently at least 450% to 600% lower than for unmarried female households.**
- ***This happens because married families have two income sources and twice the human resources.***
- **When we finally address substance abuse in the family, poverty and means-tested welfare spending will shrink naturally.**
- **The bonus prizes will be corresponding shrinkage of health care, criminal and educational costs.**



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Why Building Marriage is the key to freeing up budget resources for education and infrastructure

- According to the Heritage Foundation, each divorce and case of illegitimacy costs the state an average of $20,000 in expenditures and lost revenues ***each year***
- The annual cost to the state of Missouri for 19,187 divorces and 29,134 children born out of wedlock in 2017 is conservatively estimated to be about $1.7 Billion – (5.8% of Missouri's 2019 budget). (UMC Regional and Fiscal Studies, CDC)
- A reduction of divorce and illegitimacy of only 10% will painlessly shrink demand spending in Missouri by at least $116-million, freeing up capital for education. Actual savings should be much higher.
- States will enjoy across-the-board spending reductions due to the wide span of programs with costs driven by substance abuse. Savings could be as high as $2-billion in Missouri depending on the amount invested in public outreach and subsequent media involvement.

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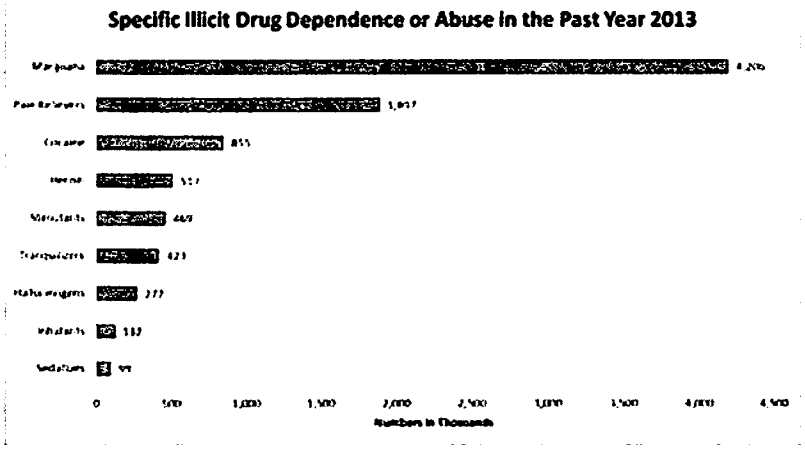
Closing the "Treatment Gap" – In the Family[1]

- In 2015, the National Institute for Drug Abuse (NIDA) stated that an estimated 22.7 million Americans (8.6 percent) needed treatment for a problem related to drugs or alcohol, but only about 2.5 million people (about 11% of substance abusers) received treatment at a specialty facility.
- **Only 1 in 10 individuals addicted to substances are recovering from their addiction.**
  (The other 9 are bankrupting the United States and making it impossible to govern).
- NIDA calls this oversight the **"Treatment Gap".** Substance abuse occurs ***in the family***. The family is the only effective place to effect recovery – before people lose everything and become hopeless.
- The opiate and marijuana abuse crises will abate when people stop wanting drugs for recreational purposes. Policies aggressively reducing teen and young adult drug abuse – **in the family** – are overdue.



Binge and heavy drinking are more widespread among men than women. In 2013, 30.2 percent of men and 16.0 percent of women 12 and older reported binge drinking in the past month. And 9.5 percent of men and 3.3 percent of women reported heavy alcohol use.

Drug use is highest among people in their late teens and twenties. In 2013, 22.6 percent of 18- to 20-year-olds reported using an illicit drug in the past month.

1. https://www.drugabuse.gov/publications/drugfacts/nationwide-trends

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The Family Substance-Abuse Restraining Order (FSRO) Process
How It Works

- **An FSRO is similar to what Drug Courts do, but brings about substance-abuse recovery in an intact family, at an early phase in the addiction cycle, and usually long before the substance abuser ends up in serious or irreversible trouble.**
- The spouse of a substance-abusing partner (or parents of a substance abusing child) files for a Family Substance-Abuse Restraining Order at the same court where domestic violence restraining orders are filed.
- For substance-abusing children, the parent coordinates with a children's home, which cooperatively handles or performs substance abuse counseling in a rigorous, disciplined, environment. Children will take recovery very seriously because they do not like living in the highly regimented "boot camp" of a children's home.
- The substance abuser is removed from the home and is not allowed to return until he/she has demonstrated a convincing level of sobriety. The Judge tells the substance abuser that they only have two choices – grow up or lose everything – to emphasize the importance of choosing recovery.
- Telephone-contact orders are encouraged to maintain communication so the responsible spouse can gauge recovery progress and keep firm but loving pressure on the substance abuser to recover.
- Recovery status is mailed to the court biweekly (or when indicated by an event) via forms using checkboxes indicating recovery progress and cooperation. This is similar to drug-court reporting methods (which make court appearances by recovery centers, A.A., and other counselors unnecessary).
- The FSRO is dropped when the court and spouse/parent are convinced that the respondent's has achieved a convincing level of sobriety.

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The cost of substance abuse is very high.
Everyone is impacted socially, economically, and politically

- Every corporation pays for the costs of substance abuse via inflating HR costs, poor work performance, turnover, accidents, lawsuits, health and property insurance, property loss, and high taxes.
- Governments, OSHA-compliant businesses and agencies, and insurance companies have the highest direct-exposure out-of-pocket costs.
- "Death Profession" risks are significantly driven by substance abuse (both on and off the job), and job-related exposure to substance-abusers.
- Every taxpayer funds the high costs of government constantly reacting to, enabling, covering up, and cleaning up from substance-abuse related criminal, social, and economic consequences. Many innocent victims are robbed, injured, or killed by substance abusers.
- ***Marijuana "legalization" approximately quadruples the number of costly criminal prosecutions and incarcerations for illegal drug sales, smuggling, growing, and illegal production. Prisons fill up, not empty out and interdiction costs explode.[1] This fact is opposite of claims made by marijuana activists.***
- The inability of politicians to manage out-of-control costs, deficits, human wreckage, and mass violence problems is why cities, states, and the federal government are drowning in debt, while politicians and media are in a war of words with no actionable answers on the horizon.

1. https://www.chicagotribune.com/news/ct-viz-met-colorado-legal-marijuana-by-the-numbers-htmlstory.html

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If you ask politicians or the media what is driving violence,
the chances are they will blame it on guns, poverty, police, gangs, mental health, racism, fatherlessness, video games, or income inequality.

If you ask police officers what is driving violence,
The chances are they will say drugs or substance abuse.

Politicians usually do not know what police officers know. They are not on the front lines. Politicians often hurriedly respond to angry constituents with costly crisis mop-up programs funding the *consequences* of substance abuse. This fixes nothing and fosters funding models that entitle and guarantee future drug abuse in the community.[1]

Harnessing the People to drive substance abuse out of communities,
one family at a time, is the only way for everyone to finally win.

1. (Example: National Institutes of Health, Journal of Social Distress and Homelessness
https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4833089/

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The "system" knows that substance abuse drives crime and violence.
(Why Missouri Must Act Now)

In August, 2019, Federalist advocates at the National Council for Behavioral Health issued a 77-page study, "Mass Violence In America".[1]

They intend to misuse mass violence to "end the war on drugs", empty-out prisons, and establish a powerful new government agency combining national security, FBI, substance abuse, mental health, school, and family surveillance functions into one super-agency.

This new agency would move social and psychological services inside national security with unlimited "military" funding not presently available to social services.

The agency would have power to surveil families from schools and other government agencies. It is intended to eventually force substance abuse or mental health services on adults or children and expand common core agenda in our schools – in the name of public safety.

Our FSRO policy giving citizens the personal power to drive substance abuse out of their communities, one family at a time, is the only small-government, effective way to reverse the trend of mass substance abuse.
We must not let Federalists establish a new and dangerously powerful conglomerate agency.

1. https://www.thenationalcouncil.org/wp-content/uploads/2019/08/Mass-Violence-in-America_8-6-19.pdf

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The City of Saint Louis knows that substance abuse drives crime and violence.

So it is launching a $5M make-work "violence prevention" program that is a proven failure in other cities.

- **The City of Saint Louis is spending $5M on "Cure Violence",[1] a globalist[2] program replacing prisons by "using the methods and strategies associated with disease control" – using former gang members and drug dealers to act as conflict intervenors. The Mayor claims it will reduce shootings by 30% in one year.**
- **"Cure Violence"[2] issued false[3] data to the City about their program's crime decreases in Baltimore, New York City, New Orleans, and other cities to justify putting drug dealers back on the street.**
  - **In New York City, shootings increased by 4.7% in 2017, not a 63% reduction. [4]**
  - **Baltimore had an 11% increase in homicides in 2011, not a 56% reduction. [5]**
  - **New Orleans had the highest murder rate in the nation in 2017, not a 47% reduction in homicide. [6]**
  - **Philadelphia had a 24% decrease in shootings in 2017, [7] but a 14% increase in homicides.[8]**
  - **Cure Violence programs were shut down in Chicago and other parts of Illinois in 2012[9] and 2015 [10] due to a combination of ineffectiveness, high cost, lack of cooperation with police, and program workers getting into trouble.**

Fact: Public policy cannot put Humpty Dumpty back together again.
Substance abuse must be addressed in the family so that crime, violence, homelessness, and frightfully expensive crisis-cleanup demand spending does not overwhelm state and local budgets.

1. https://www.stlouis-mo.gov/government/departments/aldermen/president/news/pres-reed-reaction-to-cure-violence-funding.cfm#feedbackSection
2. https://cvg.org/
3. https://cvg.org/what-we-do/
4. https://compstat.nypdonline.org/2e5c3f4b-85c1-4635-83c6-22b27fe7c75c/view/90
5. https://homicides.news.baltimoresun.com/?ranges2012
6. https://www.nola.com/news/crime_police/article_e7a54d3f-90a8-5adf-ac70-828c28b5f5cc.html
7. http://data.philly.com/philly/crime/
8. https://drive.google.com/open?id=1eGYp7V4nDgIbn9cKtmGx6bM6sHhgXT0G
9. https://www.pbs.org/wgbh/frontline/article/chicago-drops-ceasefire-from-anti-violence-strategy/
10. https://tallahasseereports.com/2015/10/12/cure-violence-programs-shutdown-in-chicago/

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Where do we want Missouri to be in five years?

Every state that legalized THC-containing marijuana (in any form) has suffered crippling increases in serious social and budget problems due to crisis demand spending.

Local jurisdictions in states that legalized THC-containing marijuana (in any form) sustained imponderable increases in serious social and budget crises due to homelessness, crime, loss of tax income, unemployment, and more.

Constitutional Initiatives banning new marijuana taxes (*like enacted in Missouri*) forced legislatures and cities to invent tangential "head" and other "gotcha" taxes on businesses and innocent citizens to subsidize the State-run Drug Cartel.

Amazon abandoned plans to build its new headquarters buildings in Seattle and New York City because of costly marijuana-driven taxation schemes. Amazon is building its HQ in a small Virginia town where it cannot be soaked.

Missouri legalized high-power THC-containing "medical" marijuana in 2018.
1/3 of marijuana users have a life-impacting addiction problem.*[1] *Missouri's socioeconomic disaster will begin in 2020.

The Family Substance-abuse Restraining Order (FSRO) legislation will improve Missouri's tax income and broadly reduce crisis-demand spending, making Missouri safer and more competitive than marijuana states.

Missouri's crime, substance abuse, and STD rates and costs can be the best in Nation -- not the worst.

Missouri must grant every responsible citizen in every Missouri family the personal power to drive substance abuse out of their community, *one family at a time.*

Empowering and Enlisting every responsible Missouri Citizen is the only way to put drug dealers out of business And to facilitate maximal capital Missouri needs for infrastructure, education and other growth priorities.

(End of Presentation – Click to Restart)

1. https://www.drugabuse.gov/publications/drugfacts/genetics-epigenetics-addiction

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The State Auditor's office did not receive a response from the **Department of Higher Education and Workforce Development, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State government entities are expected to have one-time costs of $21 million, annual costs from $6 million to unknown, and annual revenues from $86 million to $155 million by 2025. Local governments estimate unknown costs and are expected to have annual revenues from $17 million to $27 million by 2025.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

October 10, 2019

RECEIVED
OCT 10 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Deirdre Hirner regarding a proposed constitutional amendment to Article XIV (2020-125)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Deirdre Hirner on October 9, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

MOB000001

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County _____

Page No. _____

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

	Signature	Date Signed	Registered Voting Address	Zip Code	Cong. District	Printed First and Last Name
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

_____ Signature of Affiant (Person obtaining signatures)

_____ Street Address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____

(Seal)

_____ Signature of Notary

_____ Address of Notary

RECEIVED
2019 OCT -9 PM 3:22

20-125

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article XIV is amended by amending Section 1 of Article XIV and enacting one new section to be known as Section 2 of Article XIV, to read as follows:

XIV Section 1. Right to access medical marijuana. — 1. Purposes.

This section is intended to permit state-licensed physicians to recommend marijuana for medical purposes to patients with serious illnesses and medical conditions. The section allows patients with qualifying medical conditions the right to discuss freely with their physicians the possible benefits of medical marijuana use, the right of their physicians to provide professional advice concerning the same, and the right to use medical marijuana for treatment under the supervision of a physician.

This section is intended to make only those changes to Missouri laws that are necessary to protect patients, their primary caregivers, and their physicians from civil and criminal penalties, and to allow for the limited legal production, distribution, sale and purchase of marijuana for medical use. This section is not intended to change current civil and criminal laws governing the use of marijuana for nonmedical purposes. The section does not allow for the public use of marijuana and driving under the influence of marijuana.

2. Definitions.

(1) **"Administer"** means the direct application of marijuana to a qualifying patient by way of any of the following methods:

(a) Ingestion of capsules, teas, oils, and other marijuana-infused products;

(b) Vaporization or smoking of dried flowers, buds, plant material, extracts, or oils;

(c) Application of ointments or balms;

(d) Transdermal patches and suppositories;

(e) Consuming marijuana-infused food products; or

(f) Any other method recommended by a qualifying patient's physician.

(2) **"Department"** means the department of health and senior services, or its successor agency.

(3) **"Entity"** means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) **"Flowering plant"** means a marijuana plant from the time it exhibits the first signs of sexual maturity through harvest.

(5) **"Marijuana"** or **"marihuana"** means *Cannabis indica*, *Cannabis sativa*, and *Cannabis ruderalis*, hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" or "marihuana" do not include industrial hemp containing a cropwide average tetrahydrocannabinol concentration that does not exceed three-tenths of one percent on a dry weight basis, or commodities or products manufactured from industrial hemp.

(6) **"Marijuana-infused products"** means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(7) **"Medical marijuana cultivation facility"** means a facility licensed by the department to acquire, cultivate, process, store, transport, and sell marijuana to a medical marijuana dispensary facility, medical marijuana testing facility, or to a medical marijuana-infused products manufacturing facility.

(8) **"Medical marijuana dispensary facility"** means a facility licensed by the department to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and drug paraphernalia used to administer marijuana as provided for in this section to a qualifying patient, a primary caregiver, another medical marijuana dispensary facility, a medical marijuana testing facility, or a medical marijuana-infused products manufacturing facility.

(9) **"Medical marijuana-infused products manufacturing facility"** means a facility licensed by the department to acquire, store, manufacture, transport, and sell marijuana-infused products to a medical marijuana dispensary facility, a medical marijuana testing facility, or to another medical marijuana-infused products manufacturing facility.

(10) **"Medical marijuana testing facility"** means a facility certified by the department to acquire, test, certify, and transport marijuana.

(11) **"Medical use"** means the production, possession, delivery, distribution, transportation, or administration of marijuana or a marijuana-infused product, or drug paraphernalia used to administer marijuana or a marijuana-infused product, for the benefit of a qualifying patient to mitigate the symptoms or effects of the patient's qualifying medical condition.

(12) **"Physician"** means an individual who is licensed and in good standing to practice medicine or osteopathy under Missouri law.

(13) **"Physician certification"** means a document, whether handwritten, electronic or in another commonly used format, signed by a physician and stating that, in the physician's professional opinion, the patient suffers from a qualifying medical condition.

(14) **"Primary caregiver"** means an individual twenty-one years of age or older who has significant responsibility for managing the well-being of a qualifying patient and who is designated as such on the primary caregiver's application for an identification card under this section or in other written notification to the department.

(15) **"Qualifying medical condition"** means the condition of, symptoms related to, or side-effects from the treatment of:

(a) Cancer;

(b) Epilepsy;

(c) Glaucoma;

(d) Intractable migraines unresponsive to other treatment;

(e) A chronic medical condition that causes severe, persistent pain or persistent muscle spasms, including but not limited to those associated with multiple sclerosis, seizures, Parkinson's disease, and Tourette's syndrome;

(f) Debilitating psychiatric disorders, including, but not limited to, posttraumatic stress disorder, if diagnosed by a state licensed psychiatrist;

(g) Human immunodeficiency virus or acquired immune deficiency syndrome;

(h) A chronic medical condition that is normally treated with a prescription medication that could lead to physical or psychological dependence, when a physician determines that medical use of marijuana could be effective in treating that condition and would serve as a safer alternative to the prescription medication;

(i) Any terminal illness; or

(j) In the professional judgment of a physician, any other chronic, debilitating or other medical condition, including, but not limited to, hepatitis C, amyotrophic lateral sclerosis, inflammatory bowel disease, Crohn's disease, Huntington's disease, autism, neuropathies, sickle cell anemia, agitation of Alzheimer's disease, cachexia, and wasting syndrome.

(16) **"Qualifying patient"** means a Missouri resident diagnosed with at least one qualifying medical condition.

3. Creating Patient Access to Medical Marijuana.

(1) In carrying out the implementation of this section, the department shall have the authority to:

(a) Grant or refuse state licenses and certifications for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use as provided by law; suspend, fine, restrict, or revoke such licenses and certifications upon a violation of this section or a rule promulgated pursuant to this section; and impose any administrative penalty authorized by this section or any rule promulgated pursuant to this section.

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana for medical use and for the enforcement of this section so long as patient access is not restricted unreasonably and such rules are reasonably necessary for patient safety or to restrict access to only licensees and qualifying patients.

(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section;

(d) Require a seed-to-sale tracking system that tracks medical marijuana from either the seed or immature plant stage until the medical marijuana or medical marijuana-infused product is sold to a qualifying patient or primary caregiver to ensure that no medical marijuana grown by a medical marijuana cultivation facility or manufactured by a medical marijuana-infused products manufacturing facility is sold or otherwise transferred except by a medical marijuana dispensary facility. The department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees.

(e) Issue standards for the secure transportation of marijuana and marijuana-infused products. The department shall certify entities which demonstrate compliance with its transportation standards to transport marijuana and marijuana-infused products to a medical marijuana cultivation facility, a medical marijuana-infused products manufacturing facility, a medical marijuana dispensary facility, a medical marijuana testing facility, or another entity with a transportation certification. The department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity licensed or certified pursuant to this section shall be allowed to transport cannabis.

(f) The department may charge a fee not to exceed $5,000 for any certification issued pursuant to this section.

(g) Prepare and transmit annually a publicly available report accounting to the governor for the efficient discharge of all responsibilities assigned to the department under this section;

(h) Establish a system to numerically score competing medical marijuana licensee and certificate applicants, only in cases where more applicants apply than the minimum number of licenses or certificates as calculated by this section, which scoring shall be limited to an analysis of the following:

(i) the character, veracity, background, qualifications, and relevant experience of principal officers or managers;

(ii) the business plan proposed by the applicant, which in the case of cultivation facilities and dispensaries shall include the ability to maintain an adequate supply of marijuana, plans to ensure safety and security of qualifying patients and the community, procedures to be used to prevent diversion, and any plan for making marijuana available to low-income qualifying patients;

(iii) site security;

(iv) experience in a legal cannabis market;

(v) in the case of medical marijuana testing facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and/or potency and health care industry experience;

(vi) the potential for positive economic impact in the site community;

(vii) in the case of medical marijuana cultivation facilities, capacity or experience with agriculture, horticulture, and health care;

(viii) in the case of medical marijuana dispensary facilities, capacity or experience with health care, the suitability of the proposed location, and its accessibility for patients;

(ix) in the case of medical marijuana-infused products manufacturing facilities, capacity or experience with food and beverage manufacturing; and

(x) maintaining competitiveness in the marijuana for medical use marketplace.

In ranking applicants and awarding licenses and certificates, the department may consult or contract with other public agencies with relevant expertise regarding these factors. The department shall lift or ease any limit on the number of licensees or certificate holders in order to meet the demand for marijuana for medical use by qualifying patients.

(2) The department shall issue any rules or emergency rules necessary for the implementation and enforcement of this section and to ensure the right to, availability, and safe use of marijuana for medical use by qualifying patients. In developing such rules or emergency rules, the department may consult with other public agencies. In addition to any other rules or emergency rules necessary to carry out the mandates of this section, the department may issue rules or emergency rules relating to the following subjects:

(a) Compliance with, enforcement of, or violation of any provision of this section or any rule issued pursuant to this section, including procedures and grounds for denying, suspending, fining, restricting, or revoking a state license or certification issued pursuant to this section;

(b) Specifications of duties of officers and employees of the department;

(c) Instructions or guidance for local authorities and law enforcement officers;

(d) Requirements for inspections, investigations, searches, seizures, and such additional enforcement activities as may become necessary from time to time;

(e) Creation of a range of administrative penalties for use by the department;

(f) Prohibition of misrepresentation and unfair practices;

(g) Control of informational and product displays on licensed premises provided that the rules may not prevent or unreasonably restrict appropriate signs on the property of the medical marijuana dispensary facility, product display and examination by the qualifying patient and/or primary caregiver, listings in business directories including phone books, listings in marijuana-related or medical publications, or the sponsorship of health or not for profit charity or advocacy events;

(h) Development of individual identification cards for owners, officers, managers, contractors, employees, and other support staff of entities licensed or certified pursuant to this

section, including a fingerprint-based federal and state criminal record check in accordance with U.S. Public Law 92-544, or its successor provisions, as may be required by the department prior to issuing a card and procedures to ensure that cards for new applicants are issued within fourteen days. Applicants licensed pursuant to this section shall submit fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol, if necessary, shall forward the fingerprints to the Federal Bureau of Investigation (FBI) for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted pursuant to 43.543 and fees shall be paid pursuant to 43.530;

(i) Security requirements for any premises licensed or certified pursuant to this section, including, at a minimum, lighting, physical security, video, alarm requirements, and other minimum procedures for internal control as deemed necessary by the department to properly administer and enforce the provisions of this section, including reporting requirements for changes, alterations, or modifications to the premises;

(j) Regulation of the storage of, warehouses for, and transportation of marijuana for medical use;

(k) Sanitary requirements for, including, but not limited to, the preparation of medical marijuana-infused products;

(l) The specification of acceptable forms of picture identification that a medical marijuana dispensary facility may accept when verifying a sale;

(m) Labeling and packaging standards;

(n) Records to be kept by licensees and the required availability of the records;

(o) State licensing procedures, including procedures for renewals, reinstatements, initial licenses, and the payment of licensing fees;

(p) The reporting and transmittal of tax payments;

(q) Authorization for the department of revenue to have access to licensing information to ensure tax payment and the effective administration of this section; and

(r) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(3) The department shall issue rules or emergency rules for a medical marijuana and medical marijuana-infused products independent testing and certification program for medical marijuana licensees and requiring licensees to test medical marijuana using one or more impartial, independent laboratories to ensure, at a minimum, that products sold for human consumption do not contain contaminants that are injurious to health, to ensure correct labeling and measure potency. The department shall not require any medical marijuana or medical marijuana-infused products to be tested more than once prior to sale.

(4) The department shall issue rules or emergency rules to provide for the certification of and standards for medical marijuana testing facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The department shall certify, if possible, at least two entities as medical marijuana testing facilities. No medical marijuana testing facility shall be owned by an entity under substantially common control, ownership, or management as a medical marijuana cultivation facility, medical marijuana-infused product manufacturing facility, or medical marijuana dispensary facility.

(5) [The department shall maintain the confidentiality of reports or other information obtained from an applicant or licensee containing any individualized data, information, or records related to the licensee or its operation, including sales information, financial records, tax returns, credit reports, cultivation information, testing results, and security information and plans, or revealing any patient information, or any other records that are exempt from public inspection

pursuant to state or federal law. Such reports or other information may be used only for a purpose authorized by this section. Any information released related to patients may be used only for a purpose authorized by federal law and this section, including verifying that a person who presented a patient identification card to a state or local law enforcement official is lawfully in possession of such card.] Beginning December 2, 2020, all public records produced or retained pursuant to this section are subject to the general provisions of the Missouri Sunshine Law, as amended from time to time. Notwithstanding the foregoing, records containing proprietary business information obtained from an applicant or licensee are subject to closure. For documents submitted on or after December 2, 2020, the applicant or licensee shall label business information it believes to be proprietary prior to submitting it to the department. For documents submitted prior to December 2, 2020, the applicant or licensee may advise the department, through a department approved process, of any records previously submitted by the applicant or licensee it believes contain proprietary business information. Proprietary business information shall include sales information, financial records, tax returns, credit reports, cultivation information unrelated to product safety, testing results unrelated to product safety, site security information and plans, and individualized consumer information. The presence of proprietary business information shall not justify the closure of public records:

(a) identifying the applicant or licensee;

(b) relating to any citation, notice of violation, tax delinquency, or other enforcement action;

(c) relating to any public official's support or opposition relative to any applicant, licensee, or their proposed or actual operations;

(d) where disclosure is reasonably necessary for the protection of public health or safety; or

(e) that are otherwise subject to public inspection under other applicable law.

(6) Within one hundred eighty days of December 6, 2018, the department shall make available to the public license application forms and application instructions for medical marijuana cultivation facilities, medical marijuana testing facilities, medical marijuana dispensary facilities, and medical marijuana-infused products manufacturing facilities.

(7) Within one hundred eighty days of December 6, 2018, the department shall make available to the public application forms and application instructions for qualifying patient, qualifying patient cultivation, and primary caregiver identification cards. Within two hundred ten days of December 6, 2018, the department shall begin accepting applications for such identification cards.

(8) An entity may apply to the department for and obtain one or more licenses to grow marijuana as a medical marijuana cultivation facility. Each facility in operation shall require a separate license, but multiple licenses may be utilized in a single facility. Each indoor facility utilizing artificial lighting may be limited by the department to thirty thousand square feet of flowering plant canopy space. Each outdoor facility utilizing natural lighting may be limited by the department to two thousand eight hundred flowering plants. Each greenhouse facility using a combination of natural and artificial lighting may be limited by the department, at the election of the licensee, to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a nonrefundable fee of ten thousand dollars per license application or renewal for all applicants filing an application within three years of December 6, 2018, and shall charge each applicant a nonrefundable fee of five thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of twenty-five thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three medical marijuana cultivation facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(9) An entity may apply to the department for and obtain one or more licenses to operate a medical marijuana dispensary facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a nonrefundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of December 6, 2018, and shall charge each applicant a nonrefundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than five medical marijuana dispensary facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(10) An entity may apply to the department for and obtain one or more licenses to operate a medical marijuana-infused products manufacturing facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a nonrefundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of December 6, 2018, and shall charge each applicant a nonrefundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three medical marijuana-infused products manufacturing facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(11) Any applicant for a license authorized by this section may prefile their application fee with the department beginning 30 days after December 6, 2018.

(12) Except for good cause, a qualifying patient or his or her primary caregiver may obtain an identification card from the department to cultivate up to six flowering marijuana plants for the exclusive use of that qualifying patient. The card shall be valid for twelve months from its date of issuance and shall be renewable with the annual submittal of a new or updated physician's certification. The department shall charge an annual fee for the card of one hundred dollars, with such rate to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency.

(13) The department may set a limit on the amount of marijuana that may be purchased by or on behalf of a single qualifying patient in a thirty-day period, provided that limit is not less than four ounces of dried, unprocessed marijuana, or its equivalent. Any such limit shall not apply to a qualifying patient with written certification from two independent physicians that there are compelling reasons why the qualifying patient needs a greater amount than the limit established by the department.

(14) The department may set a limit on the amount of marijuana that may be possessed by or on behalf of each qualifying patient, provided that limit is not less than a sixty-day supply of dried, unprocessed marijuana, or its equivalent. A primary caregiver may possess a separate legal limit for each qualifying patient under their care and a separate legal limit for themselves if they are a qualifying patient. Qualifying patients cultivating marijuana for medical use may possess up to a ninety-day supply, so long as the supply remains on property under their control. Any such limit shall not apply to a qualifying patient with written certification from two independent physicians that there are compelling reasons for additional amounts. Possession of between the legal limit and up to twice the legal limit shall subject the possessor to department sanctions, including an administrative penalty and loss of their patient identification card for up to a year. Purposefully possessing amounts in excess of twice the legal limit shall be punishable by imprisonment of up to one year and a fine of up to two thousand dollars.

(15) The department may restrict the aggregate number of licenses granted for medical marijuana cultivation facilities, provided, however, that the number may not be limited to fewer

than one license per every one hundred thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(16) The department may restrict the aggregate number of licenses granted for marijuana-infused products manufacturing facilities, provided, however, that the number may not be limited to fewer than one license per every seventy thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(17) The department may restrict the aggregate number of licenses granted for medical marijuana dispensary facilities, provided, however, that the number may not be limited to fewer than twenty-four licenses in each United States congressional district in the state of Missouri pursuant to the map of each of the eight congressional districts as drawn and effective on December 6, 2018. Future changes to the boundaries of or the number of congressional districts shall have no impact.

(18) The department shall begin accepting license and certification applications for medical marijuana dispensary facilities, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than two hundred forty days after December 6, 2018. Applications for licenses and certifications under this section shall be approved or denied by the department no later than one hundred fifty days after their submission. If the department fails to carry out its nondiscretionary duty to approve or deny an application within one hundred fifty days of submission, an applicant may immediately seek a court order compelling the department to approve or deny the application.

(19) Qualifying patients under this section shall obtain [and annually renew] an identification card or cards from the department. The department shall charge a fee of twenty-five dollars per year per card with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor or its successor agency. Cards shall be valid for three years and may be renewed with a new physician's certification. Upon receiving an application for a qualifying patient identification card or qualifying patient cultivation identification card, the department shall, within thirty days, either issue the card or provide a written explanation for its denial. If the department fails to deny and fails to issue a card to an eligible qualifying patient within thirty days, then their physician certification shall serve as their qualifying patient identification card or qualifying patient cultivation identification card for up to one year from the date of physician certification. All initial applications for or renewals of a qualifying patient identification card or qualifying patient cultivation identification card shall be accompanied by a physician certification that is less than thirty days old.

(20) Primary caregivers under this section shall obtain [and annually renew] an identification card from the department. Cards shall be valid for three years. The department shall charge a fee of [twenty-five] seventy-five dollars [per year], with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. Upon receiving an application for a primary caregiver identification card, the department shall, within thirty days, either issue the card or provide a written explanation for its denial.

(21) All marijuana for medical use sold in Missouri shall be cultivated in a licensed medical marijuana cultivation facility located in Missouri.

(22) All marijuana-infused products for medical use sold in the state of Missouri shall be manufactured in a medical marijuana-infused products manufacturing facility.

(23) The denial of a license, license renewal, or identification card by the department shall be appealable to the administrative hearing commission, or its successor entity. Following the exhaustion of administrative review, denial of a license, license renewal, or identification card by the department shall be subject to judicial review as provided by law.

(24) No elected official shall interfere directly or indirectly with the department's obligations and activities under this section.

(25) The department shall not have the authority to apply or enforce any rule or regulation that would impose an undue burden on any one or more licensees or certificate holders, any qualifying patients, or act to undermine the purposes of this section.

4. Taxation and Reporting.

(1) A tax is levied upon the retail sale of marijuana for medical use sold at medical marijuana dispensary facilities within the state. The tax shall be at a rate of four percent of the retail price. The tax shall be collected by each licensed medical marijuana dispensary facility and paid to the department of revenue. After retaining no more than five percent for its actual collection costs, amounts generated by the tax levied in this section shall be deposited by the department of revenue into the Missouri veterans' health and care fund. Licensed entities making retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Missouri Veterans' Health and Care Fund", which shall consist of taxes and fees collected under this section. The state treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and monies earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The commissioner of administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the department, an amount necessary for the department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section;

(b) Next, the remainder of such funds shall be transferred to the Missouri veterans commission for health and care services for military veterans, including the following purposes: operations, maintenance and capital improvements of the Missouri veterans homes, the Missouri service officer's program, and other services for veterans approved by the commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness. The Missouri veterans commission shall contract with other public agencies for the delivery of services beyond its expertise.

(c) All monies from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana for medical use, a record shall be kept by the seller which identifies, by secure and encrypted patient number issued by the seller to the qualifying patient involved in the sale, all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the department and the department of revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from, and in addition to, any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana for medical use.

(6) The fees and taxes provided for in this Article XIV, Section 1 shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

(7) The unexpended balance existing in the fund shall be exempt from the provisions of section 33.080 relating to the transfer of unexpended balances to the general revenue fund.

5. Additional Patient, Physician, Caregiver and Provider Protections.

(1) Except as provided in this section, the possession of marijuana in quantities less than the limits of this section, or established by the department, and transportation of marijuana from a medical marijuana dispensary facility to the qualifying patient's residence shall not subject the possessor to arrest, criminal or civil liability, or sanctions under Missouri law, provided that the possessor produces on demand to the appropriate authority a valid qualifying patient identification card; a valid qualifying patient cultivation identification card; a valid physician certification while making application for an identification card; or a valid primary caregiver identification card. Production of the respective equivalent identification card or authorization issued by another state or political subdivision of another state shall also meet the requirements of this subdivision and shall allow for the purchase of marijuana for use by a non-resident patient from a medical marijuana dispensary facility as permitted by this section and in compliance with department regulations.

(2) No patient shall be denied access to or priority for an organ transplant because they hold a qualifying patient identification card or use marijuana for medical use.

(3) A physician shall not be subject to criminal or civil liability or sanctions under Missouri law or discipline by the Missouri state board of registration for the healing arts, or its successor agency, for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or issuing a physician certification to a patient diagnosed with a qualifying medical condition in a manner consistent with this section and legal standards of professional conduct.

(4) A health care provider shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or providing health care services that involve the medical use of marijuana consistent with this section and legal standards of professional conduct.

(5) A medical marijuana testing facility shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to the medical use of marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(6) A health care provider shall not be subject to mandatory reporting requirements for the medical use of marijuana by nonemancipated qualifying patients under eighteen years of age in a manner consistent with this section and with consent of a parent or guardian.

(7) A primary caregiver shall not be subject to criminal or civil liability or sanctions under Missouri law for purchasing, transporting, or administering marijuana for medical use to a qualifying patient or participating in the patient cultivation of up to six flowering marijuana plants per patient in a manner consistent with this section and generally established legal standards of personal or professional conduct.

(8) An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to prospective or licensed medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana dispensary facilities, medical marijuana-infused products manufacturing facilities, qualifying patients, primary caregivers, physicians, health care providers or others related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(9) Actions and conduct by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities licensed or registered with the department, or their employees or agents, as permitted by this section and in compliance with department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

(10) Nothing in this section shall provide immunity for negligence, either common law or statutorily created, nor criminal immunities for operating a vehicle, aircraft, dangerous device, or navigating a boat under the influence of marijuana.

(11) It is the public policy of the state of Missouri that contracts related to marijuana for medical use that are entered into by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities and those who allow property to be used by those entities, should be enforceable. It is the public policy of the state of Missouri that no contract entered into by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to medical marijuana may be prohibited by federal law.

6. Legislation.

Nothing in this section shall limit the general assembly from enacting laws consistent with this section, or otherwise effectuating the patient rights of this section. The legislature shall not enact laws that hinder the right of qualifying patients to access marijuana for medical use as granted by this section.

7. Additional Provisions.

(1) Nothing in this section permits a person to:

(a) Consume marijuana for medical use in a jail or correctional facility;

(b) Undertake any task under the influence of marijuana when doing so would constitute negligence or professional malpractice; or

(c) Operate, navigate, or be in actual physical control of any dangerous device or motor vehicle, aircraft or motorboat while under the influence of marijuana; or

(d) Bring a claim against any employer, former employer, or prospective employer for wrongful discharge, discrimination, or any similar cause of action or remedy, based on the employer, former employer, or prospective employer prohibiting the employee, former employee, or prospective employee from being under the influence of marijuana while at work or disciplining the employee or former employee, up to and including termination from employment, for working or attempting to work while under the influence of marijuana.

(2) No medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility, or entity with a transportation certification shall be owned, in whole or in part, or have as an officer, director, board member, manager, or employee, any individual with a disqualifying felony offense. A **"disqualifying felony offense"** is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the department determines that:

(a) The person's conviction was for the medical use of marijuana or assisting in the medical use of marijuana; or

(b) The person's conviction was for a nonviolent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses.

The department may consult with and rely on the records, advice and recommendations of the attorney general and the department of public safety, or their successor entities, in applying this subdivision.

(3) All medical marijuana cultivation facility, medical marijuana dispensary facility, and medical marijuana-infused products manufacturing facility licenses, entities with medical marijuana testing facility certifications, and entities with transportation certifications shall be held by entities that are majority owned, directly or indirectly, by natural persons who have been citizens of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, persons or entities outside the state of Missouri may own a minority stake, directly or indirectly, in such entities.

(4) No medical marijuana cultivation facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility shall manufacture, package or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between a marijuana or marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional department sanction, up to and including loss of license.

(5) All edible marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with dosage amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled as mandated by the department [, in a font size at least as large as the largest other font size used on the package,] as containing "Marijuana", or a "Marijuana-Infused Product". Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty.

(6) No individual shall serve as the primary caregiver for more than three qualifying patients.

(7) No qualifying patient shall consume marijuana for medical use in a public place, unless provided by law. Violation of this prohibition shall subject the violator to sanctions as provided by general law.

(8) No person shall extract resins from marijuana using dangerous materials or combustible gases without a medical marijuana-infused products manufacturing facility license. Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty and, if applicable, loss of their identification card, certificate, or license for up to one year.

(9) All qualifying patient cultivation shall take place in an enclosed, locked facility that is equipped with security devices that permit access only by the qualifying patient or by such patient's primary caregiver. Two qualifying patients, who both hold valid qualifying patient cultivation identification cards, may share one enclosed, locked facility. No more than twelve qualifying patient or primary caregiver cultivated flowering marijuana plants may be cultivated in a single, enclosed locked facility, except when a primary caregiver also holds a qualifying patient cultivation identification card, in which case no more than eighteen flowering marijuana plants may be cultivated in a single, enclosed, locked facility.

(10) No medical marijuana cultivation facility, medical marijuana dispensary facility, medical marijuana-infused products manufacturing facility, medical marijuana testing facility, or entity with a transportation certification shall assign, sell, give, lease, sublicense, or otherwise transfer its license or certificate to any other entity without the express consent of the department, not to be unreasonably withheld.

(11) Unless allowed by the local government, no new medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility shall be initially sited within one thousand feet of any then-existing elementary or secondary school, child day-care center, or church. No local

government shall prohibit medical marijuana cultivation facilities, medical marijuana testing facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities, or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana-infused products manufacturing facility, medical marijuana dispensary facility, or entity holding a transportation certification that may operate in such locality.

(12) Unless superseded by federal law or an amendment to this Constitution, a physician shall not certify a qualifying condition for a patient by any means other than providing a physician certification for the patient, whether handwritten, electronic, or in another commonly used format. [A qualifying patient must obtain a new physician certification at least annually.]

(13) A physician shall not issue a certification for the medical use of marijuana for a nonemancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. The department shall not issue a qualifying patient identification card on behalf of a nonemancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. Such card shall be issued to one of the parents or guardians and not directly to the patient. Only a parent or guardian may serve as a primary caregiver for a nonemancipated qualifying patient under the age of eighteen. Only the qualifying patient's parent or guardian shall purchase or possess medical marijuana for a nonemancipated qualifying patient under the age of eighteen. A parent or guardian shall supervise the administration of medical marijuana to a nonemancipated qualifying patient under the age of eighteen.

(14) Nothing in this section shall be construed as mandating health insurance coverage of medical marijuana for qualifying patient use.

(15) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for medical use or for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.

8. Severability.

The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.

9. Effective Date.

The provisions of this section shall become effective on December 6, 2018.

Section 2. Marijuana Legalization, Regulation, and Taxation

1. Purpose.

The purpose of this section is to make marijuana legal under state and local law for adults twenty-one years of age or older, and to control the commercial production and distribution of marijuana under a system that licenses, regulates, and taxes the businesses involved while protecting public health. The intent is to prevent arrest and penalty for personal possession and cultivation of limited amounts of marijuana by adults twenty-one years of age or older; remove the commercial production and distribution of marijuana from the illicit market; prevent revenue generated from commerce in marijuana from going to criminal enterprises; prevent the distribution of marijuana to persons under twenty-one years of age; prevent the diversion of marijuana to illicit markets; protect health by ensuring the safety of marijuana and products containing marijuana; and ensure the security of marijuana facilities. To the fullest extent possible, this section shall be interpreted in accordance with the purpose and intent set forth in this section.

This section is not intended to allow for the public use of marijuana, driving while intoxicated by marijuana, the use of marijuana in the workplace, or the use of marijuana by persons under twenty-one years of age.

2. Definitions.

(1) "Consumer" means a person who is at least twenty-one years of age.

(2) "Department" means the department of health and senior services, or its successor agency.

(3) "Entity" means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) "Flowering plant" means a marijuana plant from the time it exhibits the first signs of sexual maturity through harvest.

(5) "Local government" means, in the case of an incorporated area, a village, town, or city and, in the case of an unincorporated area, a county.

(6) "Marijuana" means *cannabis indica*, *cannabis sativa*, and *cannabis ruderalis*, hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana or cannabis, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" does not include industrial hemp including any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not with a delta-9 tetrahydrocannabinol concentration of not more than three-tenths of one percent on a dry weight basis, or commodities or products manufactured with industrial hemp, or any other ingredient combined with marijuana or marijuana to prepare topical or oral administrations, food, drink, or other products.

(7) "Marijuana accessories" means any equipment, product, material, or combination of equipment, products, or materials, which is specifically designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, containing, ingesting, inhaling, or otherwise introducing marijuana into the human body.

(8) "Marijuana Cultivation Facility" means an entity licensed by the department to acquire, cultivate, process, store, transport, and sell marijuana to a marijuana dispensary facility, marijuana testing facility, or to a marijuana-infused products manufacturing facility.

(9) "Marijuana Dispensary Facility" means an entity licensed by the department to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and marijuana accessories as provided for in this section to consumers.

(10) "Marijuana Facility" means a marijuana cultivation facility, marijuana dispensary facility, marijuana testing facility, a marijuana-infused products manufacturing facility, or a marijuana microbusiness facility, or any other type of marijuana-related facility or business licensed or certified by the department pursuant to this section.

(11) "Marijuana-Infused Products" means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(12) "Marijuana-Infused Products Manufacturing Facility" means an entity licensed by the department to acquire, store, manufacture, transport, and sell marijuana-infused products to a marijuana dispensary facility, a marijuana testing facility, or to another marijuana-infused products manufacturing facility.

(13) "Marijuana Microbusiness Facility" means an entity licensed to cultivate not more than one hundred and fifty flowering plants, process and package the marijuana it cultivates or that it obtains from another marijuana microbusiness facility, and acquire, store, transport, deliver, sell, or otherwise transfer marijuana and marijuana-infused products it cultivates and processes, or that it obtains from other marijuana microbusiness facilities, to marijuana dispensary facilities, marijuana testing facilities, other marijuana microbusiness facilities, or consumers.

(14) "Marijuana Testing Facility" means an entity certified by the department to acquire, test, certify, and transport marijuana.

(15) "Owner" means an officer, board member, or other individual who has a financial (other than a security interest, lien, or encumbrance) or voting interest in ten percent or greater of a marijuana facility.

(16) "Unduly burdensome" means that the measures necessary to comply with the rules or ordinances adopted pursuant to this section subject licensees or potential licensees to such a high investment of money, time, or any other resource or asset that a reasonably prudent businessperson would not operate the marijuana facility.

3. Limitations.

(1) Except as otherwise provided in this article, this section does not preclude, limit, or affect laws that assign liability relative to, prohibit, or otherwise regulate:

(a) Delivery or distribution of marijuana or marijuana accessories, with or without consideration, to a person younger than twenty-one years of age;

(b) Purchase, possession, use, or transport of marijuana or marijuana accessories by a person younger than twenty-one years of age;

(c) Consumption of marijuana by a person younger than twenty-one years of age;

(d) Operating or being in physical control of any motor vehicle, train, aircraft, motorboat, or other motorized form of transport while intoxicated by marijuana;

(e) Consumption of marijuana while operating or being in physical control of a motor vehicle, train, aircraft, motorboat, or other motorized form of transport, while it is being operated;

(f) Smoking marijuana within a motor vehicle, train, aircraft, motorboat, or other motorized form of transport while it is being operated;

(g) Possession or consumption of marijuana or possession of marijuana accessories on the grounds of a public or private preschool, elementary or secondary school, institution of higher education, in a school bus, or on the grounds of any correctional facility;

(h) Smoking marijuana in a location where smoking tobacco is prohibited;

(i) Consumption of marijuana in a public place, other than in an area licensed by the department for consumption;

(j) Conduct that endangers others;

(k) Undertaking any task while under the influence of marijuana, if doing so would constitute negligence or professional malpractice; or

(l) Performing solvent-based extractions on marijuana using solvents other than water, glycerin, propylene glycol, vegetable oil, or food grade ethanol, unless licensed for this activity by the department.

(2) This section does not limit any privileges, rights, immunities, or defenses of a person or entity as provided in section 1 of this article, or any other law of this state allowing for or regulating marijuana for medical use.

(3) This section does not require an employer to permit or accommodate conduct otherwise allowed by this section in any workplace or on the employer's property. This section does not prohibit an employer from disciplining an employee for violation of a workplace drug policy or for working while intoxicated by marijuana. This section does not prevent an employer from refusing to hire, discharging, disciplining, or otherwise taking an adverse employment action against a person with respect to hire, tenure, terms, conditions, or privileges of employment because of that person's violation of a workplace drug policy or because that person was working while intoxicated by marijuana.

(4) This section allows a person to prohibit or otherwise regulate the consumption, cultivation, distribution, processing, sale, or display of marijuana, marijuana-infused products, and marijuana accessories on private property the person owns, leases, occupies, or manages, except that a lease agreement executed after the enactment of this section may not prohibit a tenant from lawfully possessing and consuming marijuana by means other than smoking.

4. Regulation of Marijuana.

(1) In carrying out the implementation of this section, the department shall have the authority to:

(a) Grant or refuse state licenses for the cultivation, manufacture, dispensing, and sale of marijuana as provided by law; suspend, fine, restrict, or revoke such licenses upon a violation of this section or a rule promulgated pursuant to this section; and impose any reasonable administrative penalty authorized by this section or any rule promulgated pursuant to this section;

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana and for the enforcement of this section so long as such rules are reasonable and not unduly burdensome;

(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section;

(d) Require a seed-to-sale tracking system that tracks marijuana from either the seed or immature plant stage until the marijuana or marijuana-infused product is sold to a consumer to ensure that no marijuana grown by a marijuana cultivation facility or marijuana microbusiness facility or manufactured by a marijuana-infused products manufacturing facility or marijuana microbusiness facility is sold or otherwise transferred to a consumer except by a marijuana dispensary facility or a marijuana microbusiness facility. The department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees;

(e) Issue standards for the secure transportation of marijuana and marijuana-infused products. The department shall certify entities that demonstrate compliance with its transportation standards to transport marijuana and marijuana-infused products to a marijuana cultivation facility, marijuana-infused products manufacturing facility, marijuana dispensary facility, marijuana microbusiness facility, marijuana testing facility, or another entity with a transportation certification. The department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity licensed or certified pursuant to this section shall be allowed to transport its own inventory and products in compliance with department transportation rules;

(f) Promulgate rules and emergency rules specific to the licensing, regulation, and oversight of marijuana microbusiness facilities;

(g) Provide for the issuance of additional types or classes of licenses to operate marijuana-related businesses, including licenses that allow for only limited cultivation, processing, transportation, delivery, storage, sale, or purchase of marijuana, licenses that allow for the consumption of marijuana within designated, age-restricted areas, licenses that allow for cultivation for purposes of propagation, and licenses intended to facilitate scientific research or education;

(h) Prepare and transmit annually a publicly available report accounting to the governor, the general assembly, and the public for the efficient discharge of all responsibilities assigned to the department under this section;

(i) Establish a system to numerically score competing marijuana license and certificate applicants, only in cases where more applicants apply than the number of licenses available, in which scoring shall be limited to an analysis of the following:

(i) The character, veracity, background, qualifications, and relevant experience of principal officers or managers;

(ii) The business plan proposed by the applicant, which in the case of cultivation facilities and dispensaries shall include the ability to maintain an adequate supply of marijuana, and for all facilities shall include procedures to be used to prevent product diversion;

(iii) Site security;

(iv) In the case of licenses other than the microbusiness license, testing license, or certification types, previous experience as an owner or employee of a marijuana microbusiness facility;

(v) In the case of marijuana testing facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and potency and health care industry experience;

(vi) The potential for positive economic impact in the site community;

(vii) In the case of marijuana cultivation facilities and marijuana microbusiness facilities, capacity or experience with agriculture and horticulture;

(viii) In the case of marijuana dispensary facilities, the suitability of the proposed location for consumer access;

(ix) In the case of marijuana-infused products manufacturing facilities, capacity or experience with food and beverage manufacturing; and

(x) Maintaining competitiveness in the marijuana marketplace.

(j) In ranking applicants and awarding licenses and certificates, the department may consult or contract with other public agencies with relevant expertise regarding these factors.

(2) The department shall issue, at a minimum, the same number of marijuana cultivation facility licenses as are issued for medical marijuana cultivation facilities under section 1 of this article, the same number of marijuana-infused products manufacturing facility licenses as are issues for medical marijuana-infused products manufacturing facilities under section 1, the same number of marijuana dispensary facility licenses as are issued to medical marijuana dispensary facilities under section 1, in addition to the minimum number of marijuana microbusiness licenses as are required under this section. The department shall lift or ease any limit on the number of licensees or certificate holders in order to meet the demand for marijuana by consumers in the state and to ensure a competitive market while also preventing an over-concentration of marijuana facilities within the boundaries of any particular local government.

(3) If marijuana cultivation facility licenses, marijuana-infused products manufacturing facility licenses, or marijuana dispensary facility licenses become available so that the number of total licenses in any respective category falls below the minimum required under this article, section and subsection, the department shall first award the number of new licenses available to satisfy the minimum requirement to applicants who are qualified marijuana microbusiness license holders and who are at least fifty percent owned by natural persons who qualified as economically disadvantaged owners or disabled veterans at the time they applied for and received the marijuana microbusiness facility license, if such an applicant applies and qualifies for the license.

(4) The department may issue any rules or emergency rules necessary for the implementation and enforcement of this section and to ensure the right to, availability, and safe use of marijuana by consumers. In developing such rules or emergency rules, the department may consult or contract with other public agencies. In addition to any other rules or emergency rules necessary to carry out the mandates of this section, the department shall issue rules or emergency rules relating to the following subjects:

(a) Procedures for issuing a license and for renewing, suspending, and revoking a license;

(b) Qualifications for licensure that are directly and demonstrably related to the operation of a marijuana facility;

(c) Requirements and standards for safe cultivation, processing, and distribution of marijuana and marijuana-infused products by marijuana facilities, including health standards to ensure the safe preparation of marijuana-infused products and prohibitions on pesticides that are not safe for use on marijuana;

(d) Testing, packaging, and labeling standards, procedures, and requirements for marijuana and marijuana-infused products and a requirement that a representative sample of marijuana be tested by a marijuana testing facility to ensure public health;

(e) Labeling standards that protect public health by requiring the listing of pharmacologically active ingredients, including, but not limited to, tetrahydrocannabinol (THC), cannabidiol (CBD), and other cannabinoid content, the THC and other cannabinoid amount in milligrams per serving, and the number of servings per package;

(f) Requirements that packaging and labels shall not be made to be attractive to children and that marijuana and marijuana-infused products be sold in resealable, child-resistant packaging, to protect public health;

(g) Security requirements, including lighting, physical security, and alarm requirements, and requirements for securely transporting marijuana between marijuana facilities;

(h) Record keeping requirements for marijuana facilities and monitoring requirements to track the transfer of marijuana by licensees;

(i) Restrictions on advertising, marketing, and display of marijuana, marijuana-infused products, marijuana accessories, and marijuana facilities;

(j) A plan to promote and encourage ownership and employment in the marijuana industry by people from political subdivisions and districts that are economically distressed and to positively impact those political subdivisions and districts;

(k) Civil penalties for failure to comply with any rule promulgated pursuant to this section or for any violation of rules and regulations adopted pursuant to this section by a licensee, including civil fines and suspension, revocation, or restriction of a license. The licensee may choose to challenge any penalties imposed by the department through the Administrative Hearing Commission, or its successor entity. Pursuant to § 536.100 R.S.Mo., or successor provisions, any licensee who has exhausted all administrative remedies provided by law and who is aggrieved by a final decision in a contested case is entitled to judicial review;

(l) Reporting and transmittal of tax payments required under this section;

(m) Authorization for the department of revenue to have access to licensing information to ensure tax payment and the effective administration of this section; and

(n) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(5) The department shall issue rules or emergency rules for marijuana and marijuana-infused products independent testing and certification program for marijuana facility licensees and requiring licensees to test marijuana using one or more impartial, independent laboratory or laboratories to ensure, at a minimum, correct labeling, potency measurement, and that products sold for human consumption do not contain contaminants that are potentially injurious to public health.

(6) The department shall issue rules or emergency rules to provide for the certification of and standards for marijuana testing facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The department shall certify, if possible, at least two entities as marijuana testing facilities. No marijuana testing facility shall be owned by an entity under substantially common control, ownership, or management as a marijuana cultivation facility, marijuana-infused products manufacturing facility, marijuana microbusiness facility, or marijuana dispensary facility.

(7) All public records produced or retained pursuant to this section are subject to the general provisions of the Missouri Sunshine Law, as amended from time to time. Notwithstanding the foregoing, public records containing proprietary business information obtained from an applicant or licensee are subject to closure. The applicant or licensee shall label business information it believes to be proprietary prior to submitting it to the department. Proprietary business information shall include sales information, financial records, tax returns, credit reports, cultivation information unrelated to product safety, testing results unrelated to product safety, site security information and plans, and individualized consumer information. The presence of proprietary business information shall not justify the closure of public records:

(a) Identifying the applicant or licensee;

(b) Relating to any citation, notice of violation, tax delinquency, or other enforcement action;

(c) Relating to any public official's support or opposition relative to any applicant, licensee, or their proposed or actual operations;

(d) Where disclosure is reasonably necessary for the protection of public health or safety; or

(e) That are otherwise subject to public inspection under applicable law.

(8) Within two hundred and seventy days of the effective date of this section, the department shall make available to the public license application forms and application instructions for marijuana cultivation facilities, marijuana testing facilities, marijuana dispensary facilities, marijuana microbusiness facilities, marijuana-infused products manufacturing facilities, and any other license types and certifications it deems necessary.

(9) An entity may apply to the department for and obtain one or more licenses to grow marijuana as a marijuana cultivation facility. Each facility in operation shall require a separate license, but multiple licenses may be utilized in a single facility. Each indoor facility utilizing artificial lighting may be limited by the department to thirty thousand square feet of flowering plant canopy space. Each outdoor facility utilizing natural lighting may be limited by the department to two thousand eight hundred flowering plants. Each greenhouse facility using a combination of natural and artificial lighting may be limited by the department, at the election of the licensee, to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of ten thousand dollars per license application or renewal for all applicants filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of five thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of twenty-five thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than three marijuana cultivation facility licenses.

(10) An entity may apply to the department for and obtain one or more licenses to operate a marijuana dispensary facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than five marijuana dispensary facility licenses.

(11) An entity may apply to the department for and obtain one or more licenses to operate a marijuana-infused products manufacturing facility. Each facility in operation shall require a

separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than three marijuana-infused products manufacturing facility licenses.

(12) An entity may apply to the department for and obtain only one license to operate a marijuana microbusiness facility. A marijuana microbusiness facility license shall allow the licensee to be vertically integrated. A marijuana microbusiness facility licensee may engage in all of the activities allowed under the license or it may apply for and engage in a subset of the activities allowed, if the applicant or license holder so chooses. A marijuana microbusiness facility licensee may sell marijuana it cultivates, processes, and packages to any marijuana dispensary facility, any other marijuana microbusiness facility, or directly to consumers. A marijuana microbusiness facility may also process and sell to consumers marijuana and marijuana-infused products it obtains from another marijuana microbusiness facility. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of one thousand five hundred dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of two thousand five hundred dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of two thousand five hundred dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than one marijuana microbusiness facility license. An owner of a marijuana microbusiness facility may not also be an owner of another licensed marijuana facility or medical marijuana facility regulated under this article. However, the owner of a marijuana microbusiness facility may apply for a license or licenses for other marijuana or medical marijuana facilities under this article. If granted one or more of these licenses, the marijuana microbusiness facility owner may transition to other licensed operations on a reasonably practical timetable established by the department. In addition to other requirements established by this section, a marijuana microbusiness facility must be majority-owned by natural persons who have been citizens of the state of Missouri for at least one year prior to the application for such license. The majority owner or owners must be economically disadvantaged persons, as defined by the department, or disabled veterans, as defined by the department.

(13) The department may restrict the aggregate number of licenses granted for marijuana microbusiness facilities, provided, however, that the number may not be limited to fewer than the following number of licenses in each United States congressional district in the state of Missouri pursuant to the map of each of the eight congressional districts as drawn and effective on December 6, 2018:

(a) Six once the department begins issuing licenses for marijuana facilities under this subsection;

(b) An additional six following the first two hundred and seventy days after the department begins issuing licenses for marijuana facilities under this subsection; and

(c) An additional six after the first five hundred and forty-eight days after the department begins issuing licenses for marijuana facilities under this subsection, but only after the department conducts an analysis and determines that there is a market for additional microbusiness licenses.

Future changes to the boundaries or the number of congressional districts shall have no impact.

(14) The department shall begin accepting license and certification applications for marijuana dispensary facilities, marijuana testing facilities, marijuana cultivation facilities, marijuana-infused products manufacturing facilities, marijuana microbusiness facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than three hundred and sixty-five days after the effective date of this section. Applications for licenses under this section shall be approved or denied by the department no later than one hundred fifty days after their submission. If the department fails to carry out its non-discretionary duty to approve or deny an application within one hundred fifty days of submission, an applicant may immediately seek a court order compelling the department to approve or deny the application.

(15) With the exception of microbusiness licenses, and consistent with any limitations set forth in this section, for the first five hundred and forty-eight days after the department begins issuing license for marijuana facilities, the department may only issue a license:

(a) For a marijuana cultivation facility to an entity holding a medical marijuana cultivation facility license issued pursuant to section 1 of this article seeking licensure to operate a marijuana cultivation facility at the same location;

(b) For a marijuana dispensary facility to an entity holding a medical marijuana dispensary facility license issued pursuant to section 1 of this article seeking licensure to operate a marijuana dispensary facility at the same location;

(c) For a marijuana-infused products manufacturing facility to an entity holding a medical marijuana-infused products manufacturing facility license issued pursuant to section 1 of this article seeking licensure to operate a marijuana-infused product manufacturing facility at the same location; and

(d) For a marijuana testing facility to an entity holding a medical marijuana testing facility license issued pursuant to section 1 of this article seeking licensure to operate a marijuana testing facility at the same location.

(16) The department shall issue a license to each applicant for a marijuana facility pursuant to subdivision (15) of this subsection if the applicant is in good standing with the department and has reasonably complied with this article and all of the rules and regulations promulgated pursuant to this article.

(17) If an existing medical marijuana dispensary facility is located in a jurisdiction that bans marijuana dispensary facilities under this section, the medical marijuana dispensary facility may apply to the department for a marijuana dispensary license pursuant to subdivision (15) of this subsection in a new location, and such application shall be granted so long as the applicant meets all the requirements of this section and department regulation.

(18) For the first five hundred and forty-eight days after the department begins issuing licenses for marijuana facilities under this section, the department shall issue a license for a marijuana microbusiness facility to any qualified applicant consistent with the qualifications and limitations set forth in this section.

(19) A medical marijuana cultivation facility that is issued a marijuana cultivation facility license pursuant to subdivision (15) of this subsection is limited under both licenses to the total cultivation amount allowed pursuant to its medical marijuana facility license. A marijuana cultivation facility license issued pursuant to subdivision (15) of this subsection allows that entity to sell marijuana to medical marijuana facilities and marijuana facilities consistent with any limitations set forth in this section or department regulation.

(20) In addition to the foregoing, the department may issue a non-medical license pursuant to this section to a medical marijuana cultivation facility, medical marijuana-infused products manufacturing facility, or medical marijuana dispensary facility, only after the department determines that doing so will not limit or restrict access by qualifying patients, as defined in section 1 of this article, to an adequate supply of marijuana and marijuana-infused products at a reasonable cost.

(21) The department may not promulgate a rule prohibiting a marijuana facility from operating at the same location as a medical marijuana facility of the same license type operating pursuant to section 1 of this article.

(22) Marijuana facilities licensed to distribute marijuana, marijuana-infused products, and marijuana accessories directly to consumers pursuant to this section may also distribute marijuana, marijuana-infused products, and marijuana accessories to qualifying patients and primary caregivers consistent with section 1 of this article and department regulation.

(23) The department may charge a fee not to exceed five thousand dollars for any certification issued pursuant to this section.

(24) Until such time that federal law permits otherwise, all marijuana sold in Missouri shall be cultivated in a marijuana cultivation facility or a marijuana microbusiness facility located in Missouri. If allowed by federal law, marijuana may be exported from Missouri.

(25) Until such time that federal law permits otherwise, all marijuana-infused products sold in the state of Missouri shall be manufactured in a marijuana-infused products manufacturing facility or a marijuana microbusiness facility located in Missouri. If allowed by federal law, marijuana-infused products may be exported from Missouri.

(26) The denial of a license or license renewal by the department shall be appealable. The applicant may choose to challenge any denial by the department through the Administrative Hearing Commission, or successor entity. Pursuant to § 536.100 R.S.Mo., or successor provisions, any licensee who has exhausted all administrative remedies provided by law and who is aggrieved by a final decision in a contested case is entitled to judicial review.

(27) No elected official shall interfere directly or indirectly with the department's obligations and activities under this section.

(28) To minimize the potential for undue political influence in awarding licenses, the department shall review license applications using reasonable safeguards that ensure the name of the applicant and its principal owners, officers, and managers are not identified to the application scorers.

(29) The department shall have the sole authority within the state of Missouri to issue licenses for marijuana facilities and certifications pursuant to this section.

(30) The department shall not have the authority to promulgate, apply, or enforce any rule or regulation that is unduly burdensome or act to undermine the purposes of this section.

5. Local Control.

(1) Except as provided in this subsection, a local government may prohibit the operation of all non-medical retail marijuana facilities regulated under this section from being located within its jurisdiction through voter approval of a ballot question submitted to the qualified voters of the local government, provided that any ballot measure shall be voted on only during the regularly scheduled general election held on the first Tuesday after the first Monday in November of an even-numbered year starting in 2022, thereby avoiding any additional local governmental cost or expense. Until the first general election following the general election held November 3, 2020, a local government may through local ordinance temporarily prohibit non-medical retail marijuana facilities regulated under this section from being located within its jurisdiction. When a ballot question prohibiting non-medical retail marijuana facilities regulated under this section is submitted to voters, the following question shall be presented to the voters in the area subject to the prohibition, "Shall (insert name of local government) ban all non-medical retail marijuana facilities from being located within (insert name of local government and, where applicable, its "unincorporated areas") and forgo any additional related local tax revenue? ( ) Yes ( ) No." If a majority of the votes cast on the question by the qualified voters voting thereon are in favor of the question, then the ban shall go into effect as provided by law. If a question receives less than the required majority, then the jurisdiction shall have no power to ban new non-medical retail marijuana facilities regulated under this section, unless voters at a subsequent election on the first Tuesday after the first Monday in November of an even-numbered year approve a ban on new non-medical retail marijuana facilities submitted to them by the governing body. A local government may repeal an existing ban by its own ordinance or by a vote of the people, either through referral of a ballot question to the voters by the governing body or through citizen petition. In the case of a referral of a ballot question by the governing body or citizen's petition to repeal an existing ban, the question shall be voted on only during the regularly scheduled

general election held on the first Tuesday after the first Monday in November of an even-numbered year. A citizen's petition to repeal an existing ban shall be signed by at least five percent of the qualified voters in the area subject to the ban, determined on the basis of the number of votes cast for governor in such locale at the last gubernatorial election held prior to the filing of the petition. The local government shall count the petition signatures and give legal notice of the election as provided by applicable law. Denial of ballot access shall be subject to judicial review. Whether submitted by the governing body or by citizen's petition, the question shall be submitted in the following form: "Shall (insert name of local government) allow non-medical retail marijuana facilities to be located within (insert name of local government and where applicable, its "unincorporated areas") as regulated by state law? ( ) Yes ( ) No." If a majority of the votes cast on the question by the qualified voters voting thereon are in favor of the question, then the ban shall be repealed.

(2) Unless allowed by the local government, no new marijuana facility shall be initially sited within one thousand feet of any then-existing elementary or secondary school, child day-care center, or church. Except as otherwise provided in this subsection, no local government shall prohibit marijuana facilities or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a marijuana facility, or entity holding a transportation certification that may operate in such locality.

6. Taxation and Reporting.

(1) A tax shall be levied upon the retail sale of non-medical marijuana sold to consumers at marijuana facilities licensed pursuant to this section within the state. The tax shall be at a rate of fifteen percent of the retail price. The tax shall be collected by each licensed non-medical retail marijuana facility and paid to the department of revenue. After retaining no more than two percent of the total tax collected or its actual collection costs, whichever is less, amounts generated by the tax levied in this section shall be deposited by the department of revenue into the "Veterans, Infrastructure, and Health Fund") created under this subsection. Licensed entities making non-medical retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Veterans, Infrastructure, and Health Fund" which shall consist of taxes and fees collected under this section. The state treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The commissioner of administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall be distributed as follows:

(a) First, to the department, an amount necessary for the department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section;

(b) Next, distributed to the local government where the retail sale occurred, three-fifteenths of the remaining fund balance.

(c) After the distribution to the local government where the retail sale occurred, the remaining fund balance shall be distributed in thirds as follows:

(i) One-third of the remainder of the fund balance shall be transferred to the Missouri veterans commission and allied state agencies, as determined by

appropriation, exclusively for health care and other services for military veterans and their dependent families;

(ii) One-third of the remainder of the fund balance to the State Road Fund created under article IV, section 30b of this Constitution for constructing and maintaining an adequate system of connected state highways; and

(iii) One-third of the remainder of the fund balance to the department to provide grants to existing agencies and not-for-profit organizations, whether government or community-based, to increase access to evidence-based low-barrier drug addiction treatment, prioritizing medically proven treatment and overdose prevention and reversal methods and public or private treatment options with an emphasis on reintegrating recipients into their local communities, to support overdose prevention education, and to support job placement, housing, and counseling for those with substance use disorders. Agencies and organizations serving populations with the highest rates of drug-related overdose shall be prioritized to receive the grants.

(d) All monies from the taxes and fees authorized hereunder shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana, a record shall be kept by the seller of all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected, and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the department and the department of revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from and in addition to any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana.

(6) The fees and taxes provided for in this section shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

7. Additional Protections.

(1) A marijuana testing facility shall not be subject to civil or criminal prosecution, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(2) An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to any person related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(3) Actions and conduct by marijuana facilities licensed or otherwise certified by the department, or their employees or agents, as permitted by this section and in compliance with department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

(4) The department may not promulgate a rule that requires a consumer to provide a marijuana facility with identifying information other than identification to determine the consumer's age or requires the marijuana facility to acquire or record personal information about consumers other than information typically required in a retail transaction.

(5) It is the public policy of the state of Missouri that contracts related to marijuana that are entered into by marijuana facilities and those who allow property to be used by those entities, should be enforceable. It is the public policy of the state of Missouri that no contract entered into by marijuana facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to marijuana may be prohibited by federal law.

8. Legislation.

Nothing in this section shall limit the general assembly from enacting laws consistent with the purposes of this section.

9. Additional Provisions.

(1) No owner of a marijuana facility or entity with a transportation certification shall be an individual with a disqualifying felony offense. A "disqualifying felony offense" is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the department determines that:

(a) The person's conviction was for a marijuana offense, other than provision of marijuana to a minor; or

(b) The person's conviction was for a non-violent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses.

The department may consult with and rely on the records, advice, and recommendations of the attorney general and the department of public safety, or their successor entities, in carrying out the provisions of this subdivision.

(2) All marijuana facilities and certificates shall be held by entities that are majority owned, directly or indirectly, by natural persons who have been citizens of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, persons or entities outside the state of Missouri may own a minority stake, directly or indirectly, in such entities.

(3) No marijuana facility shall manufacture, package, or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between a marijuana or marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional department sanction, up to and including loss of license.

(4) No marijuana facility may sell edible marijuana-infused candy in shapes or packages that are attractive to children or that are easily confused with commercially sold candy that does not contain marijuana.

(5) All marijuana and marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with serving amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled, as mandated by the department, as containing "Marijuana," or a "Marijuana-Infused Product." Violation of this subdivision shall subject the violator to department sanctions, including an administrative penalty.

(6) A marijuana facility may not allow cultivation, processing, sale, or display of marijuana, marijuana-infused products, or marijuana accessories to be visible from a public place outside of the marijuana facility without the use of binoculars, aircraft, or other optical aids.

(7) A marijuana facility may not cultivate, process, test, or store marijuana at any location other than a physical address approved by the department and within an enclosed area that is secured in a manner that prevents access by persons not permitted by the marijuana facility to access the area.

(8) A marijuana facility shall secure every entrance to the facility so that access to areas containing marijuana is restricted to employees and other persons permitted by the marijuana facility to access the area and to agents of the department or state and local law enforcement officers and emergency personnel and shall secure its inventory and equipment during and after operating hours to deter and prevent theft of marijuana, marijuana-infused products, and marijuana accessories.

(9) No marijuana facility may refuse representatives of the department the right during the hours of operation to inspect the licensed premises or to audit the books and records of the marijuana facility.

(10) No marijuana facility may allow a person under twenty-one years of age to volunteer or work for the marijuana facility.

(11) No marijuana facility, or entity with a certification, shall assign, sell, give, lease, sublicense, or otherwise transfer its license or certificate to any other entity without the express consent of the department, not to be unreasonably withheld.

(12) To the fullest extent allowed by the Constitution of the United States, the Constitution of Missouri, and federal law, no unsolicited advertisements for marijuana, marijuana-infused products, or marijuana accessories are permitted and no off-site advertisement or marketing for marijuana, marijuana-infused products, or marijuana accessories may be placed on any billboard within the state or in any location exposed to view from a public place within one thousand feet of an elementary or secondary school, child daycare center, or church.

(13) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.

(14) No person shall extract resins from marijuana using dangerous materials or combustible gases without a marijuana-infused products manufacturing facility license. Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty and, if applicable, loss of certificate or license for up to one year.

10. Personal Use of Marijuana.

(1) Subject to the limitations in subsection 3 of this section, the following acts by a person at least twenty-one years of age are not unlawful and shall not be an offense under state law or the laws of any local government within the state or be subject to a civil fine, penalty, or sanction, or be a basis for detention, search, or arrest, or to deny any right or privilege, or to seize or forfeit assets under state law or the laws of any local government:

(a) Possessing, using, ingesting, inhaling, processing, transporting, delivering without consideration, or distributing without consideration one ounce or less of marijuana, except that not more than the equivalent of one ounce of marijuana, as determined by the department, may be in a concentrated form;

(b) Possessing, planting, cultivating, harvesting, drying, processing, or manufacturing one-half the number of plants a qualifying patient is permitted to cultivate pursuant to section 1 of this article and department regulation, provided:

a. The plants and any marijuana produced by the plants in excess of one ounce are kept at one private residence, are in a locked space, and are not visible by normal, unaided vision from a public place; and
b. Not more than twice the number of allowable plants under paragraph (b) of this subdivision are kept in or on the grounds of a private residence at one time.

(c) Assisting another person who is at least twenty-one years of age in, or allowing property to be used for, any of the acts permitted by this section; and

(d) Possessing, using, delivering, distributing, manufacturing, transferring, or selling to persons twenty-one years of age or older marijuana accessories.

(2) A person who, pursuant to this section, cultivates marijuana plants that are visible by normal, unaided vision from a public place is subject to a civil penalty not exceeding two hundred and fifty dollars and forfeiture of the marijuana.

(3) A person who, pursuant to this section, cultivates marijuana plants that are not kept in a locked space is subject to a civil penalty not exceeding two hundred and fifty dollars and forfeiture of the marijuana.

(4) A person who smokes marijuana in a public place, other than in an area licensed for such activity by the department, is subject to a civil penalty not exceeding one hundred dollars and forfeiture of the marijuana.

(5) A person who is under twenty-one years of age who possesses, uses, ingests, inhales, transports, delivers without consideration or distributes without consideration one ounce or less of marijuana, or possesses, delivers without consideration, or distributes without consideration marijuana accessories is subject to a civil penalty not to exceed one hundred dollars and forfeiture of the marijuana. Any such person shall be provided the option of attending up to four hours of drug education or counseling in lieu of the fine.

(6) Subject to the limitations of this section, a person who possesses not more than twice the amount of marijuana allowed pursuant to this subsection, produces not more than twice the amount of marijuana allowed pursuant to this subsection, delivers without receiving any consideration or remuneration to a person who is at least twenty-one years of age not more than twice the amount of marijuana allowed by this subsection, or possesses with intent to deliver not more than twice the amount of marijuana allowed by this subsection:

(a) For a first violation, is subject to an infraction punishable by a civil penalty not exceeding two hundred and fifty dollars and forfeiture of the marijuana;

(b) For a second violation, is subject to an infraction punishable by a civil penalty not exceeding five hundred dollars and forfeiture of the marijuana;

(c) For a third or subsequent violation, is subject to a misdemeanor punishable by a fine not exceeding one-thousand dollars and forfeiture of the marijuana; and

(d) For a person under twenty-one years of age, is subject to a civil penalty not to exceed two hundred and fifty dollars. Any such person shall be provided the option of attending up to eight hours of drug education or counseling in lieu of the fine.

(7) Any person currently serving a sentence for a conviction, whether by trial or open or negotiated plea, who would not have been guilty of an adult or juvenile offense, or who would have been guilty of a lesser adult or juvenile offense had sections 1 and 2 of this article been in effect at the time of the offense, may petition for a recall or dismissal of sentence before the trial court that entered the judgement of conviction in the person's case to request resentencing or dismissal consistent with sections 1 and 2 of this article with credit for time and supervision period already served and such petition shall be granted.

(8) A person arrested, charged, or found guilty, whether by trial or open or negotiated plea, for any offense that is no longer a crime after the effective dates of sections 1 and 2 of this article may apply for expungement upon the effective date of this section and such expungement shall be granted and the records expunged from all government records absent good cause for denial. The effect of such order shall be to restore such person to the status the person occupied prior to such arrest, plea or conviction and as if such event had never taken place. No person for whom such order has been entered shall be held thereafter under any provision of any law to be guilty of perjury or otherwise giving a false statement by reason of the person's failure to recite or acknowledge such arrest, plea, trial, conviction, or expungement in response to any inquiry made of the person for any purpose whatsoever, and no such inquiry shall be made for information relating to an expungement.

(9) A person shall not be denied adoption, custody, or visitation rights relative to a minor solely for conduct that is permitted by this section, unless the person's behavior is such that granting the rights is not in the best interests of the child, as determined by other applicable law and procedures.

(10) No person shall be denied access to or priority for an organ transplant for conduct that is permitted by this section.

11. Severability.

The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.

12. Effective Date.

The provisions of this section shall become effective on December 3, 2020, as provided by this Constitution.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-125)

Subject

Initiative petition from Deirdre Hirner regarding a proposed constitutional amendment to Article XIV of the Constitution of Missouri. (Received October 10, 2019)

Date

November 4, 2019

Description

This proposal would amend Article XIV of the Constitution of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Missouri Veterans Commission, Missouri Office of Prosecution Services, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern**

State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, and **Truman State University.**

Mark R. Reading provided information to the State Auditor's office.

David R. Usher provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may be required to request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated a total estimated net effect on all state funds of $0 for fiscal year 2020, $0 for fiscal year 2021, and $0 for fiscal year 2022.

Officials from the **Department of Health and Senior Services** indicated increased operating costs to the Veterans Infrastructure and Health Fund of $1,605,331 in fiscal year 2021, $5,541,694 in fiscal year 2022, and $12,440,048 in fiscal year 2023. Of these costs, $77,049 are one-time costs in fiscal year 2021 for office furniture and equipment, $508,624 are one-time costs in fiscal year 2022 for office furniture, equipment, and application scoring costs, and $4,722,049 are one-time costs in fiscal year 2023 for office furniture, equipment, contracted attorney fees, and application scoring costs.

Space for thirty-nine additional staff will be required by fiscal year (FY) 2023: 39 FTE x 230 sq. ft. x &18.00 = $161,460. These staff will be located in Jefferson City. An additional thirty FTE are assumed to be telecommuters.

This will create new small business opportunities and all the costs associated with a new business, along with the associated licensing fees.

At the time of submission Office of Administration - Information Technology Services Division (ITSD) had not provided a response.

The proposed legislation amends Section 1 of Article XIV and enacts one new section to be known as Section 2 of Article XIV regarding adult use marijuana legalization, regulation, and taxation. The new law stipulates the minimum number of facilities to be

licensed and the application and operation fees associated with each type of facility. It is assumed sales of marijuana will begin in FY 2023, increasing state revenue through the collection of a fifteen percent sales tax levied on the retail sale of adult use marijuana sold to consumers.

Office of General Counsel:

The proposed changes to this legislation will require the Department of Health and Senior Services to aid the program in building all the rules, pre-licensing, preparing required forms, and litigation on any legal challenges for denial of licenses through the Missouri court system. Based on our experience with medical marijuana facility license applications, we assume a similar number of facility license applications will be received for potentially even fewer available licenses. To defend the denial of an estimated 2,000 licenses, the department will temporarily contract with attorneys and support staff for a period of approximately 18 – 24 months. The total estimated amount of these contracts is $3,538,085. In addition, the department would require the following staff:

Three full-time attorneys (average annual salary of $75,000) would be needed to assist in reviewing records and defending the department in anticipated trials from denied licenses due to the limited number allowed to be issued. Two Attorneys would be needed for fiscal year 2021 with a third FTE Attorney added in fiscal year 2022, and maintaining the three Attorneys for the third year of fiscal year 2023.
Additional duties include:

- Reviewing requests for records (sunshine and/or subpoenas)
- Coordinating and advising with Medical Marijuana staff to determine whether the Department has records responsive to requests
- Review of individual records
- Determining appropriate response
- Responding to requestor
- Drafting/filing motions to quash subpoenas when necessary
- Possible referrals to AGO
- Representing the department in any court room activities resulting from this change in legislation

In addition, one support staff would be required to assist the three attorneys in the paperwork required for these court cases.

For the purposes of this fiscal note, they assumed temporary contracts would be necessary for attorneys, paralegals, and support staff to defend the denial of an estimated 2,000 licenses. The length of these contracts is estimated for a period of approximately 18 – 24 months, at an estimated total cost of $3,538,085, to cover any litigation associated with these denials. The three full-time attorneys and one support staff needed to handle the on-going costs of this proposed legislation would indeed be on-going with no estimate of any end date. Within the parameters of the assumptions used for this response, at this time, there are no other anticipated temporary or other costs for this proposed legislation from the Office of General Counsel.

Division of Regulation and Licensure (DRL):

Section 1 of Article XIV includes minor changes that will cause some adjustment to the operations of the Section for Medical Marijuana (SMMR), but those changes have no fiscal impact. Section 2 of Article XIV requires creation of a new program for the regulation of adult use marijuana. This new program will share some employees and resources with the current SMMR. For purposes of this fiscal note, the new, combined program will be called the Section for Marijuana Regulation (SMR).

Section 2 of Article XIV requires implementation of adult use marijuana in several phases over the course of three years. Much of the regulatory structure mandated in Section 2 mirrors that in Section 1; thus, some efficiencies can be captured by merging this new program with the existing SMMR. However, the regulations and businesses to be licensed for the new program are different enough from the SMMR regulations and businesses that some functions, particularly on the compliance side, will need to be expanded significantly. Furthermore, assuming similar licensing functions for the new program (initial applications with applications for changes to businesses following licensure), the licensing needs of the new program will double those of the existing program as several waves of new licensing processes will occur at regular intervals, including for a new class of marijuana businesses. With each new wave, facility agent application processing will increase.

In addition to staffing needs, the new program will necessitate new or amended contracts for IT solutions and application scoring. All new adult use businesses will have application requirements different from medical marijuana businesses, which must be built within the existing IT solution for Missouri marijuana regulation or through a new IT solution. While the bulk of the initial wave of licensing for adult use will not require scoring applications, microbusiness applications will likely require scoring at each stage of licensing, and in the third year, it appears scoring will be necessary for all new facilities of any type.

The following are the estimates of costs associate with the staffing and contractual needs outlined above.

YEAR 1

Between December 2020 and December 2021, the SMR will begin program build out, draft and file rules, draft and issue Request for Proposals (RFPs) or contract amendments for IT solutions, and begin pre-licensing functions, including public outreach/response.

To cover program implementation, pre-licensing, and public outreach/response in the first year, the SMR will require additional staff. The following positions will be hired as of January 2021:

- One Planner IV with an annual salary of $55,000, job duties will include oversight of contracts, procurement, and website and supervisory responsibilities;
- One Planner II with an annual salary of $45,000, job duties will be consistent with that of the Planner IV to a lesser degree;

- Four Special Assistant Professionals with an annual salary of $45,000, job duties will be to function as facility licensing specialists and process applications and renewals;
- Five Health Program Representative IIs with an annual salary of $40,000 job duties will be Facility Agent ID's and handle public assistant calls; and
- Two Administrative Office Support Assistants with an annual salary of $38,000, to provide support for the above staff.

Due to the increase supervisory and oversight responsibilities, salaries to existing staff will be studied and adjustments will be made when deemed appropriate.

The current contract for IT solutions will need to be continued and expanded. The estimated cost for year one is $769,000.

YEAR 2

The SMR will continue program build-out and begin accepting facility applications in December 2021 and will have 150 days to approve or deny all applications. For 348 licenses, applications will be reviewed for minimum qualifications, but no scoring will be necessary. For 48 licenses (the microbusiness licenses), applications will be reviewed for minimum qualifications and scoring will be necessary. Facilities may begin operating sometime after May 2022. Facility agent applications and oversight will increase when the new facilities begin operating. The SMR will also draft and issue RFPs or contract amendments for application scoring in Year 2.

To cover program implementation and oversight, public outreach/response, facility agent applications and oversight, and compliance/enforcement functions for a new regulatory structure with up to 396 new facility licenses (not counting additional, new license types added as needed), the SMR will require additional staff. The following positions will be hired as of July 2021:

- Three Investigation Managers with an annual salary of $65,000, job duties to include supervision of additional investigative staff;
- Three Investigator IIIs with an annual salary of $60,000, job duties to be to inspect and investigate facilities throughout the state and provide oversight to Investigator II's;
- Seventeen Investigators II with an annual salary of $50,000, job duties to include inspecting and investigating facilities across the state;
- One Planner II with an annual salary of $45,000, job duties to include oversight on additional contracts and regulations;
- Five Health Program Representatives II with an annual salary of $40,000, job duties to provide public assistance and facilitate increase activity for facility agent ID applications. and
- Two Administrative Office Support Assistants with an annual salary of $38,000, to provide support for the above additional staff.

The Investigators are assumed to be telecommuters and are expected to travel extensively; it is assumed that the travel cost will be $10,118 annually for all investigative staff.

It is assumed application scoring will cost approximately $200,000 in Year 2. This estimate is based on the current SMMR contract, assuming a new contract will be necessary and assuming there will be four times the number of applications received as there are licenses available for microbusinesses (based on experience in 2019).

The current contract for IT solutions will need to be continued and expanded. The estimated cost for year two is $518,599.

Section 6 (iii) requires the Department to provide grants to existing agencies and not-for-profit organizations to increase access to evidence-based low barrier drug addiction treatment, and to support reintegrating those with substance abuse disorders, by supporting job placement, housing and counseling. The Division of Regulation and Licensure's Financial Services Unit (FSU) will require additional personnel to oversee the grant processes, as well as provide overall support to the additional SMR staff. The FSU will require one Planner III at an annual salary of $60,000, one Executive II with an annual salary of $40,000, and one Senior Office Support Assistant with an annual salary of $27,851. All FSU staff are assumed to start in July 2021.

YEAR 3

The SMR will continue program build-out and receive applications for an additional 48 microbusinesses in January 2023, which will likely require both minimum qualification review and scoring. Licensing of new business of all types will begin in November 2023, requiring minimum qualification review and scoring. Facility agent applications and oversight will increase when new facilities begin operating.

To cover public outreach/response, facility agent applications and oversight, and additional increases in compliance/enforcement functions for new facility licenses, the SMR will require additional staff. The following positions will be hired as of July 2022:

- Two Investigator IIIs with an annual salary of $60,000;
- Eight Investigators II with an annual salary of $50,000;
- Four Special Assistant Professionals with an annual salary of $45,000;
- Three Health Program Representative IIs with an annual salary of $40,000; and
- One Administrative Office Support Assistant with an annual salary of $38,000.

All job duties consistent with previous staff.

The Investigators are assumed to be telecommuters and are expected to travel extensively; it is assumed that the travel cost will be $10,118 annually for all investigative staff.

It is assumed application scoring will cost approximately $2,200,000 in Year 3. This estimate is based on the current SMMR contract, assuming a new contract will be necessary and assuming there will be four times the number of applications received as there are licenses available for microbusinesses, and assuming the scoring expense for new

marijuana business applications of all types will be similar to 2019 SMMR experience for expenses.

The IP implies a duty to reopen application periods when licenses become available. There is also the option to issue additional licenses indefinitely. And whenever there are more applicants than licenses available, DRL will have to have them scored. DRL would assumes that the ongoing costs would be approximately $1,110,000 for application scoring. We do not have any other one-time costs except for the office furniture/equipment.

The current contract for IT solutions will need to be continued and expanded. The estimated cost for year three is $518,599.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact of costs savings of $778,038 in fiscal year 2021, $1,184,936 in fiscal year 2022, $1,328,713 by fiscal year 2026.

The estimate of the impact of this amendment is determined by a standard response of looking at persons committed for marijuana-only offenses. In 2018, thirty people were incarcerated and 383 given probationary terms of cannabis-only violations. The average sentence is 7.0 years with 0.9 served before first release; the average probationary term is three years.

Passage of Initiative Petition (IP) 2020-125 is estimated to result in 30 fewer persons incarcerated and 383 fewer persons entering probationary supervision per year in their department. The full impact of the bill occurs in fiscal year (FY) 2026 with 90 fewer persons incarcerated and 1269 fewer persons on field supervision. This results in a reduction of 10 (Probation and Parole) P&P officers by FY2026. Their department cost of incarceration in $17.224 per day or an annual cost of $6,287 per offender. Their department cost of probation or parole is determined by the number of P&P Officer II positions that would be needed to cover the new caseload.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition is expected to have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated:

Section 1.3 states that all public records produced or retained pursuant to this section are subject to the general provisions of Missouri's Sunshine Law. Thus, information obtained from an applicant or licensee are subject to closure.

Section 1.3 also states that qualifying patients under this section shall obtain an identification card which shall be valid for three years and may be renewed with a new physician's certification. The Department recognizes that the fee of twenty-five dollars per year per card remains the same, and does not anticipate this to have an impact.

Section 1.3 also states that primary caregiver's identification cards shall be valid for three years. Furthermore, the fee for a primary caregiver's identification card has been increased from twenty-five dollars to seventy-five dollars. The Department recognizes that the fee, as it is written today, reads that it shall be twenty-five dollars per year. This initiative petition increases the fee to seventy-five dollars every three years. The total revenue gained, in totality, then, should not change, but the state could recognize changes in cash flow with the fee being paid by primary caregivers every three years instead of one. The Department defers to the Department of Health and Senior Services to estimate the impact to state cash flows.

Section 1.5 awards non-resident of Missouri patients the ability to purchase marijuana for medical purposes from a medical marijuana dispensary facility as permitted by this section. The Department recognizes that if out of state residents purchase medical marijuana in Missouri that the Missouri Veterans' Health and Care fund could increase as well as state and local sales and use taxes. The Department provides an unknown impact for this section, though, as the number of outside residents purchasing marijuana in Missouri cannot truly be estimated.

Section 2.1 states that recreational marijuana shall be legal for individuals aged twenty one and above.

Section 2.3 states that this section shall not require any employer to permit or accommodate conduct otherwise allowed by this section in any workplace or employer's property.

Section 2.4 states the Department of Health and Senior Services shall issue, at a minimum, the same number of marijuana cultivation facilities under Section 1 (medical marijuana), the same number of marijuana-infused products manufacturing facilities licenses as are issued for medical marijuana infused products manufacturing facilities, the same number of marijuana dispensary facility licenses as are issued to medical marijuana dispensary facilities, and a minimum number of marijuana microbusiness licenses are allowed for medical marijuana; stating that marijuana microbusiness licenses shall be awarded to applicants of marijuana microbusinesses that is at least fifty percent owned by natural persons who qualified as economically disadvantaged owners or disabled veterans at the time they applied and received their licenses.

The Department recognizes that Section 1 (medical marijuana) allows for a minimum of 60 cultivation facility licenses, 86 marijuana-infused product facilities, and 192 dispensary

licenses. The number of marijuana microbusiness licenses would be issued over a period of time, as any other licenses allowed fall short of the minimum required.

The Department estimates the following minimum impact for Section 2.4:

Chart 1

Facility Type	Application Fee/Renewal Fee		Annual Fee	Minimum Number of Licenses	Estimated Revenue (Minimum)		
	Valid for 3 years	Year 4 and Thereafter			Application Fee	Renewal Fee	Annual Fee
Marijuana Cultivation Facility	$10,000	$5,000	$25,000	60	$600,000	$300,000	$1,500,000
Dispensary	$6,000	$3,000	$10,000	192	$1,152,000	$576,000	$1,920,000
Marijuana Infused Product Facility	$6,000	$3,000	$10,000	86	$516,000	$258,000	$860,000
Marijuana Microbusiness	$1,500	$2,500	$2,500	96	$144,000	$240,000	$240,000

Section 2.5 states that a local government may prohibit the operation of all non-medical retail marijuana facilities regulated under this section from being located within its jurisdiction through voter approval of a ballot question submitted to such voters of such local government.

Section 2.6 of this initiative petition states that a tax equal to 15% of the retail price of non-medical marijuana sold to consumers shall be levied. Furthermore, the Department recognizes that Section 2.6 states that the tax levied is separate from and in addition to any general state and local sales and use tax(es) that apply to retail sales – which will be collected upon the retail sales to consumers.

The Department observed data published by Marijuana Business Daily that projects U.S. retail marijuana sales to 2023, including both medical marijuana retail sales and recreational marijuana retail sales, shown separately.

Chart 2

Year	Medical U.S. Cannabis Retail Sales		Recreational U.S. Cannabis Retail Sales		Total U.S. Cannabis Retail Sales	
	Low	High	Low	High	Low	High
2018	$3,300,000,000	$3,800,000,000	$5,300,000,000	$6,200,000,000	$8,600,000,000	$10,000,000,000
2019	$4,200,000,000	$5,200,000,000	$7,000,000,000	$8,500,000,000	$11,200,000,000	$13,700,000,000
2020	$5,500,000,000	$6,800,000,000	$10,200,000,000	$12,200,000,000	$15,700,000,000	$19,000,000,000
2021	$6,400,000,000	$7,800,000,000	$13,000,000,000	$15,700,000,000	$19,400,000,000	$23,500,000,000
2022	$6,700,000,000	$8,300,000,000	$15,700,000,000	$19,100,000,000	$22,400,000,000	$27,400,000,000
2023	$6,900,000,000	$8,400,000,000	$18,100,000,000	$22,000,000,000	$25,000,000,000	$30,400,000,000

https://mjbizdaily.com/exclusive-us-retail-marijuana-sales-on-pace-to-rise-35-in-2019-and-near-30-billion-by-2023/

Using the "Total U.S. Cannabis Retail Sales column from Chart 2, the Department calculated, for both high and low estimates, the estimated increase in total U.S. marijuana retail sales for each year to calculate an the average increase recognized each year so that the Department could estimate retail sales through Year 2030. The Department recognized the following estimated increases in U.S. marijuana retail sales, as they were estimated by Marijuana Business Daily, between 2018 and 2023:

Chart 3

Year	Percent Difference (Using Total U.S. Marijuana Retail Sales)	
	Low	High
2019	30.23%	37%
2020	40.18%	39%
2021	23.57%	24%
2022	15.46%	17%
2023	11.61%	11%
Average Percent Difference	**24%**	**25%**

The Department used the average percent difference (increase) calculated from Chart 3 to estimate the total U.S. marijuana retail sales through Year 2030:

Chart 4

Year	Total Estimated U.S. Cannabis Retail Sales 2018-2030	
	Low	High
2018	$8,600,000,000	$10,000,000,000
2019	$11,200,000,000	$13,700,000,000
2020	$15,700,000,000	$19,000,000,000
2021	$19,400,000,000	$23,500,000,000
2022	$22,400,000,000	$27,400,000,000
2023	$25,000,000,000	$30,400,000,000
2024	$31,052,453,447	$38,116,431,496
2025	$38,570,194,602	$47,791,524,670
2026	$47,907,966,892	$59,922,446,584
2027	$59,506,396,466	$75,132,560,206
2028	$73,912,784,241	$94,203,456,716
2029	$91,806,931,670	$118,115,118,571
2030	$114,033,218,871	$148,096,277,158

The Department, then, using Chart 2, calculated the estimated percent of medical marijuana retail sales (medical marijuana retail sales / total U.S. marijuana retail sales) and the estimated percent of recreational marijuana retail sales (recreational marijuana retail sales / total U.S. marijuana retail sales), for both low and high estimates:

Chart 5

Year	Percent of Medical	Percent of Medical	Percent of Recreational	Percent of Recreational
	Low	High	Low	High
2018	38%	38%	62%	62%
2019	38%	38%	63%	62%
2020	35%	36%	65%	64%
2021	33%	33%	67%	67%
2023	30%	30%	70%	70%
2023	28%	28%	72%	72%
Average Percent	**34%**	**34%**	**66%**	**66%**

The Department recognized that the estimated medical marijuana retail sales results to 34 percent of the total U.S. marijuana retail sales and recreational marijuana retail sales results in 66 percent of the total U.S. marijuana retail sales.

The Department applied the percentages estimated in Chart 5 to Chart 4 to determine the U.S. Cannabis Retail Sales, from 2018 to 2030, separated by medical marijuana retail sales and recreational marijuana retail sales:

Chart 6

Year	Total Estimated U.S. Cannabis Retail Sales		Medical Sales (Low)	Recreational Sales (Low)	Medical Sales (High)	Recreational Sales (High)
	Low	High	34%	66%	34%	66%
2018	$8,600,000,000	$10,000,000,000	$2,924,000,000	$5,676,000,000	$3,400,000,000	$6,600,000,000
2019	$11,200,000,000	$13,700,000,000	$3,808,000,000	$7,392,000,000	$4,658,000,000	$9,042,000,000
2020	$15,700,000,000	$19,000,000,000	$5,338,000,000	$10,362,000,000	$6,460,000,000	$12,540,000,000
2021	$19,400,000,000	$23,500,000,000	$6,596,000,000	$12,804,000,000	$7,990,000,000	$15,510,000,000
2022	$22,400,000,000	$27,400,000,000	$7,616,000,000	$14,784,000,000	$9,316,000,000	$18,084,000,000
2023	$25,000,000,000	$30,400,000,000	$8,500,000,000	$16,500,000,000	$10,336,000,000	$20,064,000,000
2024	$31,052,453,447	$38,116,431,496	$10,557,834,172	$20,494,619,275	$12,959,586,708	$25,156,844,787
2025	$38,570,194,602	$47,791,524,670	$13,113,866,165	$25,456,328,437	$16,249,118,388	$31,542,406,282
2026	$47,907,966,892	$59,922,446,584	$16,288,708,743	$31,619,258,149	$20,373,631,838	$39,548,814,745
2027	$59,506,396,466	$75,132,560,206	$20,232,174,798	$39,274,221,667	$25,545,070,470	$49,587,489,736
2028	$73,912,784,241	$94,203,456,716	$25,130,346,642	$48,782,437,599	$32,029,175,283	$62,174,281,432
2029	$91,806,931,670	$118,115,118,571	$31,214,356,768	$60,592,574,902	$40,159,140,314	$77,955,978,257
2030	$114,033,218,871	$148,096,277,158	$38,771,294,416	$75,261,924,455	$50,352,734,234	$97,743,542,924

The Department recognizes that medical marijuana will be accounted for pursuant to the passage of Amendment 2 of 2018 and that this initiative petition states that a "tax shall be levied upon the retail sale of *non-medical marijuana*…" Thus, the Department has removed the medical marijuana retail sales from the projections:

Chart 7

Year	Total Estimated U.S. Cannabis Retail Sales		Recreational Sales (Low)	Recreational Sales (High)
	Low	High	66%	66%
2018	$8,600,000,000	$10,000,000,000	$5,676,000,000	$6,600,000,000
2019	$11,200,000,000	$13,700,000,000	$7,392,000,000	$9,042,000,000
2020	$15,700,000,000	$19,000,000,000	$10,362,000,000	$12,540,000,000
2021	$19,400,000,000	$23,500,000,000	$12,804,000,000	$15,510,000,000
2022	$22,400,000,000	$27,400,000,000	$14,784,000,000	$18,084,000,000
2023	$25,000,000,000	$30,400,000,000	$16,500,000,000	$20,064,000,000
2024	$31,052,453,447	$38,116,431,496	$20,494,619,275	$25,156,844,787
2025	$38,570,194,602	$47,791,524,670	$25,456,328,437	$31,542,406,282
2026	$47,907,966,892	$59,922,446,584	$31,619,258,149	$39,548,814,745
2027	$59,506,396,466	$75,132,560,206	$39,274,221,667	$49,587,489,736
2028	$73,912,784,241	$94,203,456,716	$48,782,437,599	$62,174,281,432
2029	$91,806,931,670	$118,115,118,571	$60,592,574,902	$77,955,978,257
2030	$114,033,218,871	$148,096,277,158	$75,261,924,455	$97,743,542,924

Based on a report published by the Substance Abuse and Mental Health Services Administration, in 2018, 34.8 percent of individuals surveyed, within the United States, aged 18-25 used marijuana in the past year and 13.3 percent of individuals surveyed, within the United States, aged 26 and older used marijuana in the past year.

The Henry Kaiser Family Foundation (KFF) states that there are approximately 240,903,600 individuals in the United States aged 19 and above. Separating the population by age, there are approximately 28,348,600 individuals within the United States between the ages of 19 and 25 and approximately 212,555,000 individuals within the United States aged 26 or above.

Using the data published by the Substance Abuse and Mental Health Services Administration in conjunction with the age demographics published by the KFF, approximately 9,865,313 (28,348,600 x 34.8%) individuals in the United States aged between 19 and 25 and 28,269,815 (212,555,000 x 13.3%) individuals in the United States aged 26 and older that have used marijuana in the past year

A data search with Missouri Census Data Center states that there are approximately 566,385 individuals in Missouri aged 18 -24 and approximately 4,183,237 individuals in Missouri aged 25 and older, with a total of 4,749,622 individuals aged 18 or above.

Using the data published by the Substance Abuse and Mental Health Services Administration in conjunction with the Missouri Census Data Center statistics, 197,102 (566,385 x 34.8%) Missourians aged 18-24 and 556,370 (4,183,237 x 13.3%) Missourians aged 25 and above have used marijuana in the past year.

*The Department notes that, due to the difference in the age groups defined between the Substance Abuse and Mental Health Services Administration and the Missouri Census Data Center, that the revenue forecasts for Missouri is understated slightly, as individuals aged 25 in Missouri are included within the projections using 13.3% and not 34.8% - whereas individuals aged 25 were included within the 34.8% stated by the Substance Abuse and Mental Health Services Administration.

Comparing the United States individuals to Missouri individuals who have used marijuana in the past year, the Department estimates Missouri's marijuana market share of total U.S. marijuana retail sales to be approximately 1.98% (estimated Missouri total population aged 18 and above using marijuana in the past year / total U.S. population aged 18 and above using marijuana in the past year percent of the total marijuana market within the United States – (197,102 + 556,370) / (9,865,313 + 28,269,815)).

Therefore, the Department refers back to the total Estimated U.S. Cannabis Retail Sales 2018-2030 from Chart 7, to forecast Missouri's recreational marijuana market/retail sales:

Chart 8

Missouri's Recreational Marijuana Market (1.98%)	
Low	**High**
$112,384,800	$130,680,000
$146,361,600	$179,031,600
$205,167,600	$248,292,000
$253,519,200	$307,098,000
$292,723,200	$358,063,200
$326,700,000	$397,267,200
$405,793,462	$498,105,527
$504,035,303	$624,539,644
$626,061,311	$783,066,532
$777,629,589	$981,832,297
$965,892,264	$1,231,050,772
$1,199,732,983	$1,543,528,369
$1,490,186,104	$1,935,322,150

The Department recognizes that Section 2.4 states that the Department of Health and Senior Services shall begin accepting facility applications within 365 days of December 3, 2020 (effective date of Section 2) and must allow application approvals within one-hundred fifty days after application submissions. The Department believes that the sale of recreational marijuana would not begin until May 2022.

When applying the state sales tax, the 15 percent excise tax, and weighted average local tax rate to Missouri's recreational marijuana market, as shown in Chart 7, the Department

estimates the following increases, including both low and high estimates, for the following tax years:

Chart 9

Estimated Impact to TSR (Low) - Tax/Calendar Year							
Year	**General Revenue**	**Education**	**Conservation**	**Parks and Soil**	**Total State Sales Tax**	**Veterans, Infrastructure and Health Fund**	**Local Tax**
	3%	**1%**	**0.125%**	**0.10%**		**15%**	**3.93%**
TY 21	$0	$0	$0	$0	$0	$0	$0
TY 22	$5,854,464	$1,951,488	$243,936	$195,149	$8,245,037	$29,272,320	$7,669,348
TY 23	$9,801,000	$3,267,000	$408,375	$326,700	$13,803,075	$49,005,000	$12,839,310
TY 24	$12,173,804	$4,057,935	$507,242	$405,793	$17,144,774	$60,869,019	$15,947,683
TY 25	$15,121,059	$5,040,353	$630,044	$504,035	$21,295,492	$75,605,295	$19,808,587
TY 26	$18,781,839	$6,260,613	$782,577	$626,061	$26,451,090	$93,909,197	$24,604,210
TY 27	$23,328,888	$7,776,296	$972,037	$777,630	$32,854,850	$116,644,438	$30,560,843
TY 28	$28,976,768	$9,658,923	$1,207,365	$965,892	$40,808,948	$144,883,840	$37,959,566
TY 29	$35,991,989	$11,997,330	$1,499,666	$1,199,733	$50,688,719	$179,959,947	$47,149,506
TY 30	$44,705,583	$14,901,861	$1,862,733	$1,490,186	$62,960,363	$223,527,916	$58,564,314

Chart 10

Estimated Impact to TSR (High) - Tax/Calendar Year							
Year	**General Revenue**	**Education**	**Conservation**	**Parks and Soil**	**Total State Sales Tax**	**Veterans, Infrastructure and Health Fund**	**Local Tax**
	3%	**1%**	**0.125%**	**0.10%**		**15%**	**3.93%**
TY 21	$0	$0	$0	$0	$0	$0	$0
TY 22	$7,161,264	$2,387,088	$298,386	$238,709	$10,085,447	$35,806,320	$9,381,256
TY 23	$11,918,016	$3,972,672	$496,584	$397,267	$16,784,539	$59,590,080	$15,612,601
TY 24	$14,943,166	$4,981,055	$622,632	$498,106	$21,044,959	$74,715,829	$19,575,547
TY 25	$18,736,189	$6,245,396	$780,675	$624,540	$26,386,800	$93,680,947	$24,544,408
TY 26	$23,491,996	$7,830,665	$978,833	$783,067	$33,084,561	$117,459,980	$30,774,515
TY 27	$29,454,969	$9,818,323	$1,227,290	$981,832	$41,482,415	$147,274,845	$38,586,009
TY 28	$36,931,523	$12,310,508	$1,538,813	$1,231,051	$52,011,895	$184,657,616	$48,380,295
TY 29	$46,305,851	$15,435,284	$1,929,410	$1,543,528	$65,214,074	$231,529,255	$60,660,665
TY 30	$58,059,664	$19,353,221	$2,419,153	$1,935,322	$81,767,361	$290,298,322	$76,058,160

The Department further recognizes that sales would begin two months before the end of Fiscal Year 2022. Based on historical sales tax collection data, the Department adjusts calendar year collections putting 50 percent into the first fiscal year and fifty percent into

the second fiscal year. Thus, the Department estimates the following increases, including both low and high estimates, for the following fiscal years:

Chart 11

Estimated Impact to TSR (Low) - Fiscal Year							
Year	**General Revenue**	**Education**	**Conservation**	**Parks and Soil**	**Total TSR (4.225% State Sales Tax**	**Veterans, Infrastructure and Health Fund**	**Local Tax**
	3%	**1%**	**0.125%**	**0.10%**		**15%**	**3.93%**
FY 21	$0	$0	$0	$0	$0	$0	$0
FY 22	$1,463,616	$487,872	$60,984	$48,787	$2,061,259	$7,318,080	$1,917,337
FY 23	$9,291,348	$3,097,116	$387,139.50	$350,549.10	$13,126,153	$46,456,740	$12,171,665.88
FY 24	$10,987,401.92	$3,662,467.31	$457,808.41	$366,246.73	$15,473,924	$54,937,009.62	$14,393,496.52
FY 25	$13,647,431.47	$4,549,143.82	$568,642.98	$454,914.38	$19,220,133	$68,237,157.35	$17,878,135.23
FY 26	$16,951,449.22	$5,650,483.07	$706,310.38	$565,048.31	$23,873,291	$84,757,246.08	$22,206,398.47
FY 27	$21,055,363.51	$7,018,454.50	$877,306.81	$701,845.45	$29,652,970	$105,276,817.53	$27,582,526.19
FY 28	$26,152,827.80	$8,717,609.27	$1,089,701.16	$871,760.93	$36,831,899	$130,764,139.01	$34,260,204.42
FY 29	$32,484,378.71	$10,828,126.24	$1,353,515.78	$1,082,812.62	$45,748,833	$162,421,893.56	$42,554,536.11
FY 30	$40,348,786.31	$13,449,595.44	$1,681,199.43	$1,344,959.54	$56,824,541	$201,743,931.55	$52,856,910.06

Chart 12

Estimated Impact to TSR (High) - Fiscal Year							
Year	**General Revenue**	**Education**	**Conservation**	**Parks and Soil**	**Total TSR (4.225% State Sales Tax**	**Veterans, Infrastructure and Health Fund**	**Local Tax**
	3%	**1%**	**0.125%**	**0.10%**		**15%**	**3.93%**
FY 21	$0	$0	$0	$0	$0	$0	$0
FY 22	$1,790,316	$596,772	$74,597	$59,677	$2,521,362	$8,951,580	$2,345,314
FY 23	$11,329,956	$3,776,652	$472,081.50	$427,323.60	$16,006,013	$56,649,780	$14,842,242.36
FY 24	$13,430,590.90	$4,476,863.63	$559,607.95	$447,686.36	$18,914,749	$67,152,954.51	$17,594,074.08
FY 25	$16,839,677.57	$5,613,225.86	$701,653.23	$561,322.59	$23,715,879	$84,198,387.84	$22,059,977.61
FY 26	$21,114,092.65	$7,038,030.88	$879,753.86	$703,803.09	$29,735,680	$105,570,463.23	$27,659,461.37
FY 27	$26,473,482.43	$8,824,494.14	$1,103,061.77	$882,449.41	$37,283,488	$132,367,412.15	$34,680,261.98
FY 28	$33,193,246.04	$11,064,415.35	$1,383,051.92	$1,106,441.53	$46,747,155	$165,966,230.18	$43,483,152.31
FY 29	$41,618,687.13	$13,872,895.71	$1,734,111.96	$1,387,289.57	$58,612,984	$208,093,435.64	$54,520,480.14
FY 30	$52,182,757.79	$17,394,252.60	$2,174,281.57	$1,739,425.26	$73,490,717	$260,913,788.95	$68,359,412.71

Section 2.6 further states that all revenues gained under Section 2 shall be deposited into the Veterans, Infrastructure, and Health Fund. The Department believes that this would

include all license fees, application fees, renewal fees, annual fees, and the 15 percent tax levied. The Department does not believe this would include the 4.225% state sales tax.

The Department notes that monies in the Veterans, infrastructure, and Health Fund shall be distributed in the following manner:

a. Amounts necessary to cover any Department of Health and Senior Services costs related to the administration of Section 2.
b. Amounts necessary for the creation of a reserve fund within the Department of Health and Senior Services to ensure there is enough working capital to administer Section 2.
c. 3/15th of the remaining balance to any local jurisdiction with recreational marijuana sales.
d. Any remaining balance will then be distributed
    a. 1/3rd to the Missouri Veterans' Commission
    b. 1/3rd to the State Road Fund
    c. 1/3rd to the Department of Health and Senior Services for grants to non-profits and other agencies in relation to drug addiction treatment.

The Department is unable to determine the amounts necessary for the Department of Health and Senior Services to administer Section 2 and the amounts necessary for the reserve fund. The Department will show the maximum amount of sales tax related revenues that could be distributed if all administration fees and reserve fund needs were met by the facility licensing fees.

Chart 13

Maximum Distribution Amounts Based on 15% Tax Collections (Low)							
Fiscal Year	**Veterans, Infrastructure and Health Fund**	**DHSS Administrative Costs**	**DHSS Reserve Fund**	**Local Jurisdictions**	**Missouri Veterans' Commission**	**State Road Fund**	**DHSS Addiction Treatment Grants**
FY 21	$0	$0	$0	$0	$0	$0	$0
FY 22	$7,318,080	Unknown	Unknown	$1,463,616	$1,951,488	$1,951,488	$1,951,488
FY 23	$46,456,740	Unknown	Unknown	$9,291,348	$12,388,464	$12,388,464	$12,388,464
FY 24	$54,937,010	Unknown	Unknown	$10,987,402	$14,649,869	$14,649,869	$14,649,869
FY 25	$68,237,157	Unknown	Unknown	$13,647,431	$18,196,575	$18,196,575	$18,196,575
FY 26	$84,757,246	Unknown	Unknown	$16,951,449	$22,601,932	$22,601,932	$22,601,932
FY 27	$105,276,818	Unknown	Unknown	$21,055,364	$28,073,818	$28,073,818	$28,073,818
FY 28	$130,764,139	Unknown	Unknown	$26,152,828	$34,870,437	$34,870,437	$34,870,437
FY 29	$162,421,894	Unknown	Unknown	$32,484,379	$43,312,505	$43,312,505	$43,312,505
FY 30	$201,743,932	Unknown	Unknown	$40,348,786	$53,798,382	$53,798,382	$53,798,382

Chart 14

Maximum Distribution Amounts Based on 15% Tax Collections (High)							
Fiscal Year	**Veterans, Infrastructure and Health Fund**	**DHSS Administrative Costs**	**DHSS Reserve Fund**	**Local Jurisdictions**	**Missouri Veterans' Commission**	**State Road Fund**	**DHSS Addiction Treatment Grants**
FY 21	$0	$0	$0	$0	$0	$0	$0
FY 22	$0	Unknown	Unknown	$0	$0	$0	$0
FY 23	$8,951,580	Unknown	Unknown	$1,790,316	$2,387,088	$2,387,088	$2,387,088
FY 24	$56,649,780	Unknown	Unknown	$11,329,956	$15,106,608	$15,106,608	$15,106,608
FY 25	$67,152,955	Unknown	Unknown	$13,430,591	$17,907,455	$17,907,455	$17,907,455
FY 26	$84,198,388	Unknown	Unknown	$16,839,678	$22,452,903	$22,452,903	$22,452,903
FY 27	$105,570,463	Unknown	Unknown	$21,114,093	$28,152,124	$28,152,124	$28,152,124
FY 28	$132,367,412	Unknown	Unknown	$26,473,482	$35,297,977	$35,297,977	$35,297,977
FY 29	$165,966,230	Unknown	Unknown	$33,193,246	$44,257,661	$44,257,661	$44,257,661
FY 30	$208,093,436	Unknown	Unknown	$41,618,687	$55,491,583	$55,491,583	$55,491,583

As a result of the Department's inability to determine or estimate the administrative costs of the Department of Health and Senior Services and the amounts necessary for the reserve fund, the distribution(s) shown above are subject to change significantly.

Section 10 states that the adult use of recreational marijuana is not unlawful and further allows individuals who have been arrested, charged, or found guilty for any offense that would no longer be illegal after the effective date of Section 2 to apply for and be granted an expungement of their records specific to the aforementioned offenses. The Department defers to the Department of Corrections and the State Public Defender's Office to estimate the impact of Section 10.

https://www.kff.org/other/state-indicator/distribution-by-age/?dataView=1&currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D

https://www.samhsa.gov/data/report/2018-nsduh-annual-national-report

https://mjbizdaily.com/exclusive-us-retail-marijuana-sales-on-pace-to-rise-35-in-2019-and-near-30-billion-by-2023/

https://census.missouri.edu/population-by-age/report.php?s=29&y=2018&d=&a=5b

Officials from the **Department of Public Safety - Office of Director** indicated they see no fiscal impact due to this initiative petition. They also provided the following comments from Missouri State Highway Patrol officials.

Department of Public Safety - Division of Missouri State Highway Patrol indicated:

The Patrol's Criminal Justice Information Services Division (CJIS) processes all requests for expungements for criminal history records, and the requests are processed by a CJIS Technician. This person reviews criminal history records, contacts agencies associated with the arrests or convictions, and collects all necessary data for court orders.

As of September 2019, there were 234,808 marijuana-related arrest charges in the Central Repository. The expungement process takes approximately 90 minutes, so 1 full-time employee (FTE) could handle 1,243 expungements per year.

- 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

- 111,840 minutes per year / 90 minutes per expungement = 1,243 expungements per year per FTE

- 234,808 records / 1,243 per FTE per year = 189 FTE

Additionally, the Patrol Records Division (PRD) processes all petitions and court orders relating to expungement of marijuana-related traffic arrests.

There are currently 113,922 traffic arrest records in the system. The expungement process takes approximately 30 minutes, so 1 FTE could handle 3,728 expungements per year.

- 111,840 minutes per year / 30 minutes per expungement = 3,728 expungements per year per FTE

- 113,922 records / 3,728 per FTE per year = 31 FTE

The Patrol would also need to replace all 10 of its canines. The Patrol's canines are currently trained using Cannabis/Marijuana as one of the drugs to which they alert. If this initiative were to pass, each canine would have to be retired and replaced. The purchase and initial training for a canine is approximately $22,000. Since the Patrol contracts its canine training, the time to train all 10 canines could take up to 3 years.

As a result, the anticipated total initial cost to the Patrol will be **$14,268,898**, as follows:

$12,730,318	Salary and fringe benefits for 189 CJIS Technicians and 31 PRD Technicians
$1,318,580	Expense and Equipment, including rental space, janitorial for the 220 FTE
$220,000	Cost of replacing and training 10 canines
$14,268,898	Total Cost

With the time involved in hiring and training FTE and processing expungements the Patrol anticipates this being a 2-year project, after which time the FTE would be terminated.

Missouri State Highway Patrol - Comments and Concerns:

In 2009, Colorado traffic fatalities involving drivers testing positive for marijuana represented 9% of the total traffic fatalities. Recreational marijuana use was legalized in 2012. By 2016, that number more than doubled to 21%.

Marijuana-related traffic deaths increased 66% in the four-year average (2013-2016) since Colorado legalized recreational marijuana compared to the four-year average (2009-2012) prior to legalization.

Marijuana-related deaths when a driver tested positive for marijuana more than doubled from 55 deaths in 2013 to 125 deaths in 2016.

The yearly number of marijuana related hospitalizations increased 72% after the legalization of marijuana, (2009-2012) vs. (2013-2016).

Colorado youth past month marijuana use for 2014/2015 was 55% higher than the national average.

The average THC levels in marijuana has increased significantly over the years: 1969-0.8%, 1995-4%, 2013-13%; 2017-20+%; Oil, 1995-13%, 2013-52%; highest Plant 38%, highest oil 95%+.

In Missouri, medical marijuana was legalized by Amendment 2 and took effect December 2018. As of June 10, 2019, 12 states have legalized recreational marijuana and 29 states have legalized medical marijuana. In a roadside 2013-2014 NHTSA roadside survey, 20% of the nighttime and weekend drivers tested positive for drugs. Interestingly, the number of daytime drugged drivers was approximately the same amount as night and weekend drugged drivers. A roadside study in Colorado and Washington, the first two states to legalize marijuana for recreational use, showed the primary increase of marijuana users happened to their daytime drivers. The percent of drivers that tested positive for marijuana during the day went from 8%, before recreational marijuana sales, to 23%, 6-12 months after marijuana was legalized. There was a 48% increase in weekend nighttime drivers testing positive for THC or 11-OH-THC (an active metabolite of THC) from 2007 to 2014. Montana legalized medical marijuana in 2004 and from 2007-2010, the presence of marijuana in DUI suspects increased over 100%. Also, the number of DUI suspects who tested positive for alcohol and marijuana increased by over 180%.

Medical marijuana has been legal in the state of Colorado since 2000. On November 12, 2012, the state of Colorado passed Amendment 64, which legalized private use of marijuana. Per the Colorado State Patrol's driving under the influence statistics, marijuana DUI citations increased 25.5% from 2014 to 2018 and marijuana and alcohol citations increased 112% in the same time range. As marijuana becomes legalized, its use increases.

The three years after Colorado legalized marijuana for recreational use (2013-2015), its use increased in youth ages 12-17, by 12%, in young adults aged 18-25 by 16%, and adults

26 in older by 71%. By removing the recommended acceptable ages of use, zoning regulations, packaging, and advertising of cannabis/marijuana, the risk of use and abuse of marijuana by the youth of Missouri is substantially increased. This category of Missourians, who recent studies have shown significant long-term cognitive impairment when marijuana is ingested during the developmental years, would be affected.

2(7) The Patrol recommends replacing the word "specifically" with "which has, is or can be used in. . ." There are many items, products, and chemicals that can be used with marijuana, but are not developed specifically for marijuana. (page 14)

3(1)(d) The Patrol recommends replacing the word "intoxicated" with "impaired. (page 15)

3(3) The Patrol recommends replacing the word "intoxicated" with "impaired". (page 15)

4(24) The Patrol recommends addressing the need to prohibit the importation of marijuana from outside Missouri. (page 22)

9(1)(b) There is no definition for what qualifies as a non-violent crime. This information would be critical for the Department of Health and Senior Services in determining a disqualifying felony offense. In addition, there are no provisions for conducting criminal background checks under section nine. (page 25)

9(5) This section specifies the type of container the marijuana is required to be sold in, however, there are no provisions or requirements about the marijuana remaining in the same packaging one the sale to an individual has been made. The Patrol recommends language requiring marijuana to remain in its original packaging. For individuals who produce for themselves it is recommending having guidelines on the type of container or packaging if carried in public. (page 25)

The Patrol recommends a $75 fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing criminal histories, as well as contacting various agencies associated with arrests (in researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements - their fees ranged from $50 to $450 per petition per arrest date).

This initiative provides specific employment protections for those who use Cannabis/Marijuana. Such use while serving in any law enforcement related position not only creates public safety concerns, but also quality control and security issues when working with highly sensitive material or information. Additionally, the Patrol receives federal grant funding, subject to audits, that require a drug free workplace policy. For these reasons, the Patrol feels it is essential that it be allowed to continue administering drug testing for new employees, as well as random tests, critical incident tests, etc.

Additionally, the initiative does not contain any language concerning the amount of marijuana an individual may transport, purchase or sell. Also, there is no language as to where the marijuana may be transported. A lack of guidance may allow for Missouri

marijuana facilities to distribute marijuana outside of the state, or allow other states to distribute their marijuana in Missouri. A lack of such language could lead to Missouri being a distribution starting point for states where marijuana remains illegal.

Finally, if passed, the initiative petition will remove Cannabis/Marijuana from Missouri Revised Statutes and create conflict with both Federal and State laws, such as the use or possession of a firearm. As the Patrol has officers assigned to federal task forces that may be involved in a federal drug operation, there are concerns over potential civil litigation resulting from these types of operations, as marijuana is still classified as a Schedule I controlled substance, and illegal under federal law.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact due to this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated:

Summary
Elements within the initiative petition submitted by Deirdre Hirner present a variance of state law with the Federal Motor Carrier Safety Regulations (FMCSRs). Should this petition pass a vote of the People and become state law, Missouri's share of federal Motor Carrier Safety Assistance Program (MCSAP) funding is at risk. The fiscal impact ranges from approximately $350,000 to $7 million.

Background
MCSAP funding is received and distributed by the Missouri Department of Transportation to fund commercial vehicle safety and enforcement activities performed by the MoDOT Motor Carrier Services and Highway Safety and Traffic divisions; the Missouri State Highway Patrol; and the commercial vehicle enforcement police teams of St. Louis City, Kansas City and St. Louis County.

In order to receive the funding, Missouri must enforce FMCSRs in whole. Language with respect to the expungement of marijuana convictions within the initiative petition would prevent enforcement of 49 CFR § Parts 391 and 392. These federal regulations relate to the transportation of and use of controlled substances by commercial motor vehicle drivers.

The expungement language, found in the petition in the section entitled *Personal Use of Marijuana* on page 27, 10-(7) and (8), would keep the marijuana-related convictions of commercial motor vehicle (CMV) drivers from appearing in their criminal records and

force Missouri agencies to forgo enforcement of FMCSRs pertaining to the use of disqualified drivers.

Penalty
Per 49 CFR § 350.215 – The penalty imposed upon States found to be in noncompliance can be as harsh as withholding all MCSAP funding; or
Withholding up to 5 percent of MCSAP funds during the fiscal year that the FMCSA notifies the State of its noncompliance;
Up to 10 percent of MCSAP funds for the first full fiscal year of noncompliance;
Up to 25 percent of MCSAP funds for the second full fiscal year of noncompliance; and
Not more than 50 percent of MCSAP funds for the third and any subsequent full fiscal year.

MCSAP funding, Using Missouri's MCSAP apportionment for Fiscal Year 2018 as a base, a **full withholding places $6,934,545** at risk. This is the steepest penalty possible.
If the less stringent withholding took effect, the results would be as follows:

- **5 percent** - $346,727 – during the fiscal year that FMCSA notifies the State of noncompliance;
- **10 percent** - $693,454 – during the first full fiscal year of non-compliance;
- **25 percent** - $1,733,636 – during the second full fiscal year of non-compliance; and
- **Not more than 50 percent** – or $3,467, 272 for the third and any subsequent full fiscal year of non-compliance.

BASIS FOR A POSSIBLE FISCAL IMPACT

Federal Motor Carrier Safety Regulations and Their Adoption in Missouri
Regardless of Missouri's legal status on cannabis, marijuana remains a controlled substance at the federal level and is illegal to possess, use or transport across state lines – whether it is intended for medicinal or recreational use.

The U.S. Department of Transportation prohibits the use of cannabis by commercial motor vehicle drivers as the U.S. Drug Enforcement Administration currently considers THC, or tetrahydrocannabinol, the principal psychoactive compound in marijuana, to be a Schedule I controlled substance.

The following DOT regulations in Title 49 CFR prohibit the use and possession of marijuana.

§382.213 Controlled substance use.

(a) No driver shall report for duty or remain on duty requiring the performance of safety sensitive functions when the driver uses any drug or substance identified in 21 CFR 1308.11 Schedule I.

§392.4 Drugs and other substances.

(a) No driver shall be on duty and possess, be under the influence of, or use, any of the following drugs or other substances:

(1) Any 21 CFR 1308.11 Schedule I substance;

Part 382 applies to drivers operating in both interstate and intrastate commerce.

Part 392 is specific to interstate transportation.

Though Part 392 is specific to interstate transportation, by virtue of Missouri's adoption of the FMCSRs through 307.400 RSMo, the regulation applies to intrastate transportation as well. No intrastate commercial motor vehicle driver can possess, be under the influence of, or use marijuana.

Disqualification of a CMV Driver

Title 49 CFR Part 391.15 – Disqualification of Drivers, addresses disqualification of commercial motor vehicle drivers. A driver, convicted of a disqualifying offense is disqualified for one year from the date of conviction for first offenders and three years after the date of conviction if, during the previous three years preceding the conviction date, the driver was convicted of a disqualifying offense.

One of the disqualifying offenses referenced is transporting, possessing or using a Schedule 1 substance while on duty:

49 CFR 391.15(c)(2)(iii) Transportation, possession, or unlawful use of a 21 CFR 1308.11 Schedule I identified controlled substance, amphetamines, narcotic drugs, formulations of an amphetamine, or derivatives of narcotic drugs while the driver is on duty, as the term on-duty time is defined in § 395.2 of this subchapter;

A CMV driver convicted of any of the above offenses specific to marijuana while on duty is a disqualified driver. The disqualification applies even if the marijuana offense occurred in a state where the disqualifying conviction was for an act/condition that later became legal.

If prior marijuana convictions are wholly expunged from criminal records, the records of CMV drivers who had been convicted of marijuana-related offences would not retain this information, yet the driver is technically not qualified to operate a CMV. Further, neither MoDOT Motor Carrier Services nor other motor carrier enforcement agencies could know of the convictions when making enforcement determinations.

Officials from the **Office of Administration** indicated this proposal amends Article XIV, Section 1 of the Missouri Constitution that was voter approved in November 2018 and adds additional language in Section 2 for recreational marijuana.

Section 1.3 states that all public records produced or retained under Section 1 shall become subject to the Missouri Sunshine Law on December 2, 2020. Section 1.3 changes qualified

patient identification cards from an annual renewal to every three years. Section 1.3 also changes primary caregiver identification cards from an annual renewal to every three years; the card fee is also increased from $25 to $75. Budget and Planning (B&P) defers to the Department of Health and Senior Services (DHSS) for the estimated impact from these provisions.

Section 1.5 would allow out-of-state medical patients to purchase medical marijuana within Missouri. B&P notes that this could increase funding to the Missouri Veterans' Health and Care Fund as well as state and local sales tax collections by an unknown amount if out-of-state patients subsequently purchase medical marijuana within Missouri.

Section 2.1 would legalize the use of recreational marijuana for individuals over the age of 21.

Section 2.4 states that the number of recreational marijuana facility licenses (cultivation, marijuana-infused products, and dispensaries) must equal the number of licenses granted under medical marijuana (Section 1). B&P notes that per Section 1, the minimum number of cultivation facility licenses is 60, dispensary licenses is 192, and marijuana-infused product facility licenses is 86. In addition, Section 2.4 creates a minimum number of microbusiness facility licenses granted over a period of time. Section 2.4 further details the amount of application and annual fees required. Table 1 lists the fees per facility type and the associated estimated minimum revenue. B&P defers to DHSS for a more detailed analysis of the estimated impacts from these provisions.

Table 1: Facility Fees

Facility Type	Application/ Renewal Fees		Annual Fee	# Min Licenses Allowed	Estimated Minimum Revenue		
	Years 1-3	Years 4+			Application Fee	Renewal Fee (Every 3 years)	Annual Fee
Cultivation Facility	$10,000	$5,000	$25,000	60	$600,000	$300,000	$1,500,000
Dispensary	$6,000	$3,000	$10,000	192	$1,152,000	$576,000	$1,920,000
Marijuana-Infused Product Facility	$6,000	$3,000	$10,000	86	$516,000	$258,000	$860,000
Microbusinesses *Note: Up to an additional 48 microbusiness licenses may be issued if DHSS determines there is a market.*	$1,500	$2,500	$2,500	96	$144,000	$240,000	$240,000

Section 2.5 allows local jurisdictions to prohibit the operation of non-medical marijuana facilities upon voter approval at a general election.

Section 2.6 establishes an excise tax rate of 15% upon the retail price of non-medical marijuana. Section 2.6 notes this is in addition to state and local sales taxes that apply to retail sales. B&P notes that the language refers to "general state and local sales and use taxes". For the purpose of this fiscal note, B&P assumes that general means all state and

local sales taxes levied and not just those levies that are directed to the state (or local) general revenue fund.

Based on research, B&P was able to find forecasts for the U.S. legal market for cannabis[1]. According to such forecasts, the U.S. market for legal marijuana will be approximately $24.5 billion in calendar year 2021 and grow up to $47.3 billion by calendar year 2027. Based on information from the Substance Abuse and Mental Health Services Administration[2], from 2016-2017 approximately 13.95% of Missouri residents and 14.73% of all U.S. residents surveyed have used marijuana within the last year. Using the populations of Missouri residents age 18 and over compared to the U.S. population age 18 and over, B&P estimates that the market for legal marijuana in Missouri is 1.79% of the total U.S. market. Therefore, B&P estimates that the Missouri market for legal marijuana would be approximately $439.5M in calendar year 2021 ($24.5 billion x 1.79%) and up to $848.4M by calendar year 2027 ($47.3 billion x 1.79%).

Based on further research[3], B&P estimates that there could be between 61,700 to 122,500 medical marijuana users in Missouri. Using these estimates, and the estimates shown above, B&P estimates that the Missouri market for medical marijuana would be between 0.17% and 0.34% of the total U.S. Market for legal marijuana. Therefore, B&P estimates that the total Missouri market for recreational marijuana would be 1.46% to 1.62% of the total U.S. market. Table 1 shows the estimated U.S. and Missouri markets for marijuana.

Table 2: Estimated Marijuana Market Size for the U.S. and Missouri

Calendar Year	Estimated U.S. Market Size	Estimated MO Market Size	Estimated MO Medical Market Size	Estimated MO Recreational Market Size
2021	$24,500,000,000	$439,465,251	$41,480,436	$ 397,984,815
2022	$28,300,000,000	$507,627,209	$61,066,553	$ 446,560,656
2023	$32,100,000,000	$575,789,166	$80,652,669	$ 495,136,497
2024	$35,900,000,000	$643,951,123	$100,238,785	$ 543,712,338
2025	$39,700,000,000	$712,113,081	$119,824,901	$ 592,288,179
2026	$43,500,000,000	$780,275,038	$139,411,018	$ 640,864,020
2027	$47,300,000,000	$848,436,996	$158,997,134	$ 689,439,861

B&P notes that Section 2.4 states that DHSS must begin accepting facility applications within 365 of December 3, 2020 (the effective date of Section 2) and must grant application approvals within one-hundred and fifty days of their submission. Therefore, B&P estimates that sales of recreational marijuana will not begin until May 2022.

Applying the excise tax rate of 15% plus the state sales tax rate of 4.225% and excluding the estimated market for medical marijuana, B&P estimates that this proposal may increase

[1] https://cannabusinessplans.com/cannabis-legal-market-size-projections/
[2] https://www.samhsa.gov/data/report/comparison-2015-2016-and-2016-2017-nsduh-population-percentages-50-states-and-district
[3] https://www.stltoday.com/news/local/metro/plenty-of-pot-study-says-missouri-will-license-twice-as/article_e94469b0-e1c6-5893-bc2e-e1d7b24f4a73.html

state revenues by $57.2M in calendar year 2022. By calendar year 2027, B&P estimates that this proposal may increase state revenues by $132.5M. This proposal could also increase local revenues by $11.7M in calendar year 2021 and $27.1M by calendar year 2027; these estimates assume that no local jurisdictions opt-out of recreational marijuana. Table 3 shows the estimated revenues generated by calendar year.

Table 3: Estimated Calendar Year Revenues

Fund	CY 2022*	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
GR (3.0% tax)	$8,931,213	$14,854,095	$16,311,370	$17,768,645	$19,225,921	$20,683,196
Education (1.0% tax)	$2,977,071	$4,951,365	$5,437,123	$5,922,882	$6,408,640	$6,894,399
Conservation (0.125% tax)	$372,134	$618,921	$679,640	$740,360	$801,080	$861,800
Parks, soil, water (0.1% tax)	$297,707	$495,136	$543,712	$592,288	$640,864	$689,440
Veterans, Infrastructure, and Health Fund (15.0% tax)	$44,656,066	$74,270,475	$81,556,851	$88,843,227	$96,129,603	$103,415,979
TSR (total 4.225% state sales tax)	**$57,234,191**	**$95,189,992**	**$104,528,697**	**$113,867,402**	**$123,206,108**	**$132,544,813**
Local Revenue (pop. weighted local rate 3.93%)	$11,699,889	$19,458,864	$21,367,895	$23,276,925	$25,185,956	$27,094,987

*Assumes 8 months of sales from May 2022 through December 2022.

However, B&P notes that sales would start two months before the end of FY 2022. Based on historical sales tax collection data, B&P adjusts calendar year collections 50% into the first fiscal year and 50% into the second fiscal year. Therefore, B&P estimates that this proposal will increase state revenues by $14.3M in FY 2022. BY FY 2028, this proposal may increase state revenues by $132.5M. This proposal may also increase local revenues by $2.9M in FY 2022 and up to $27.1M by FY 2028, assuming no local jurisdictions opt out of recreational marijuana. Table 4 shows the estimated revenue generated by fiscal year.

Table 4: Estimated Fiscal Year Revenues

Fund	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
GR	$2,232,803	$14,125,457	$15,582,733	$17,040,008	$18,497,283	$19,954,558	$20,683,196
Education	$744,268	$4,708,486	$5,194,244	$5,680,003	$6,165,761	$6,651,519	$6,894,399
Conservation	$93,033	$588,561	$649,281	$710,000	$770,720	$831,440	$861,800
Parks, soil, water	$74,427	$470,849	$519,424	$568,000	$616,576	$665,152	$689,440
Veterans, Infrastructure, and Health Fund	$11,164,016	$70,627,287	$77,913,663	$85,200,039	$92,486,415	$99,772,791	$103,415,979
TSR	**$14,308,548**	**$90,520,639**	**$99,859,344**	**$109,198,050**	**$118,536,755**	**$127,875,461**	**$132,544,813**
Local Revenue	$2,924,972	$18,504,349	$20,413,380	$22,322,410	$24,231,441	$26,140,471	$27,904,987

Section 2.6 further states that the taxes and fees levied under Section 2 shall be deposited into the newly created Veterans, Infrastructure, and Health Fund. B&P notes that this would include all license application and renewal fees, annual facility fees, and the 15% excise tax. This would not include the 4.225% state sales tax.

Monies in the Veterans, Infrastructure, and Health Fund are to be distributed in the following manner:

1. Amounts necessary to cover any DHSS costs related to Section 2 administration.
2. Amounts necessary for the creation of a reserve fund within DHSS to ensure there is enough working cash balance to administer Section 2.
3. $3/15^{th}$ of the remaining balance to any local jurisdiction with recreational marijuana sales.
4. Any remaining balance will then be distributed:

a. 1/3 to the Missouri Veterans Commission
b. 1/3 to the State Road Fund
c. 1/3 to DHSS for grants to non-profits and other agencies in relation to drug addiction treatment.

B&P is unable to estimate the amount of revenues that would be required to meet DHSS administrative costs and reserve fund needs. Therefore, for the purpose of this fiscal note, B&P will show the maximum amount of sales tax related revenues that could be distributed if all administration fees and reserve fund needs were met by the facility licensing fees.

Table 5: Maximum Distribution Amounts Based on 15% Excise Tax Collections

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Veterans, Infrastructure, and Health Fund	$11,164,016	$70,627,287	$77,913,663	$85,200,039	$92,486,415	$99,772,791	$103,415,979
Estimated Maximum Distributions							
DHSS Administrative Costs*	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
DHSS Reserve Fund*	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
Local Jurisdictions**	$2,232,803	$14,125,457	$15,582,733	$17,040,008	$18,497,283	$19,954,558	$20,683,196
Missouri Veterans Commission	$2,977,071	$18,833,943	$20,776,977	$22,720,010	$24,663,044	$26,606,078	$27,577,594
State Road Fund	$2,977,071	$18,833,943	$20,776,977	$22,720,010	$24,663,044	$26,606,078	$27,577,594
DHSS Drug Treatment Grants	$2,977,071	$18,833,943	$20,776,977	$22,720,010	$24,663,044	$26,606,078	$27,577,594

*For the purpose of this fiscal note, B&P will assume that DHSS costs are fully met through the licensing fee collections. Actual distributions may be significantly different.

**Assumes no local jurisdictions opt-out.

B&P notes that depending on administrative and reserve fund needs, actual distributions may be significantly different from the estimates shown above.

Section 2.10 specifies that adult use of recreational marijuana is not unlawful and allows for individuals who have been arrested, charged, or found guilty for any offense that would no longer be illegal after the effective date of Section 2 to apply for and be granted expungement of their records pertaining to such offenses. B&P defers to the Department of Corrections and the State Public Defender's Office for the estimated impact from these provisions.

Officials from the **Office of State Courts Administrator** indicated the initiative petition proposes a constitutional amendment to Article XIV to modify the current provisions of the Missouri Constitution relating to legalization of marijuana.

The average of all marijuana related charge codes from 2012 to 2016 for Circuit case types is 11,537 per year. The average of all marijuana related charge codes from 2012 to 2016 for Associate case types is 8,765. We are unable to determine what number of these charges were for someone over the age of twenty-one.

The following Criminal Court Costs would be affected by this proposed legislation:

Criminal Court Costs		
Felony Case Costs	**Amount of Cost**	**Disburse to State/County**
Basic Civil Legal Services Fund surcharge	$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$45.00	State of Missouri - General Revenue $36, County $9
County Fee	$75.00	County
Court Automation Fund Fee	$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards & Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$279.50**	
Misdemeanor Case Costs		

Basic Civil Legal Services Fund surcharge	$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$15.00	$12 State of Missouri / $3 County
County Fee	$25.00	County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	$0.50 State of Missouri / $0.50 County
Sheriffs' fee	$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$102.50**	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	$15.00	$12 State of Missouri / $3 County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund

Sheriffs' Retirement Fund surcharge	$3.00	Sheriffs' Retirement Fund
Total	**$33.50**	
Criminal Costs Not Included Above		
Drug Testing by a State Lab	$150.00	State of Missouri
Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts.

We also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time we are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY (fiscal year) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender (MSPD), since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track their cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2018 MSPD data, is that this would reduce their caseload by 4,046 cases (149 A/B felonies, 2,911 C/D felonies, and 986 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards*, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 4,046 cases, those cases require 89,530 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 43 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, the Missouri State Public Defender already is significantly understaffed by 289 attorneys under the workload standards developed in *The Missouri Project*. (The 289 attorneys is a conservative estimate of the under-staffing in that it assumes they contract all conflicts to private attorneys, which they are not able to do for budgetary reasons).

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 43 attorneys how much money needs to be added to their budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there is anticipated costs to the County of Greene for this initiative petition, per the following information concerning this initiative petition.: https://static1.squarespace.com/static/5541a76ae4b0175cee8827d0/t/580684e5ff7c50adea98399e/1476822252561/Letter+to+CA+from+Denver+DA.jpgI provided by their County Prosecutor, Dan Patterson.

To fully understand the fiscal impact would require a very detailed study to give the best opportunity to understand the impact to law enforcement, prosecutors and the circuit courts within the proposed changes of this initiative petition, which the linked letter demonstrates occurred in Colorado after similar legislation passed.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202
Bus. Phone: 720-913-900
Fax: 720-913-903

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from **St. Louis County** indicated they see no part of this proposed amendment that would mandate the operations of their county, causing a fiscal impact.

Officials from the **City of Kansas City** indicated this initiative petition may have a positive fiscal impact on their city in an indeterminate amount as a result of increased sales tax revenues; however, such revenues could be offset by increased expenses in an indeterminate amount.

Officials from the **Wellsville-Middletown R-1 School District** indicated in that it is impossible to tell the future. If anything in this petition (were it to pass and become law) is ultimately construed to require public schools to accommodate/facilitate the use of medical marijuana by students or staff, there could be considerable expense involved in the logistics of this accommodation and in the efforts to monitor who can or cannot legally be in possession of and use "medical" marijuana.

Officials from the **Missouri Veterans Commission** indicated:

Michael L. Parson
Governor

Grace Link
Executive Director

MISSOURI VETERANS COMMISSION

205 Jefferson Street, P.O. Drawer 147, Jefferson City, MO 65102-0147
Telephone: (573) 751-3779 www.mvc.dps.mo.gov Fax: (573) 751-6836

October 21, 2019

The Honorable John R. Ashcroft
Secretary of State
600 W. Main Street
Jefferson City, MO 65101

Dear Secretary of State Ashcroft,

Initiative Petitions 2020-125 and 2020-126 (hereinafter, the Initiatives), which are identical in language, will have a disastrous fiscal impact upon the Missouri Veterans Commission. Under the existing medical marijuana program, we anticipate receiving $12,458 in FY20, $2,135,510 in FY21, $2,529,753 in FY22 and $2,929,271 in FY23 from the tax revenues generated from the retail sales of medical marijuana. The Initiatives make no significant changes to that program, but the adverse impact the Initiatives pose to the Commission is in the creation of the non-medical marijuana program. The medical marijuana program is predicated on medical need and the physician certification that marijuana is the appropriate treatment for that medical need. Conversely, the non-medical marijuana program has no requirement for medical need or for physician certification. It is only common sense that those wishing to use marijuana products will forego the inconvenience of establishing medical need and obtaining a physician's certification and avail themselves of the non-medical program regardless of their reason for wanting to use marijuana products. Therefore, we anticipate a significant reduction in the tax revenues generated by the medical marijuana program, perhaps as high as a 90% reduction, should the Initiatives become law.

Moreover, given the significantly different distribution of tax revenues provided for under the non-medical marijuana program, we do not anticipate that our portion of the tax revenues generated under the non-medical program will defray the reduction we would experience under the medical marijuana program. Specifically, the medical marijuana program establishes a 4% tax on all retail sales of medical marijuana and allocates to the Commission all of those proceeds minus 5% to the Department of Revenue and an amount to the Department of Health and Senior Services necessary to defray their costs in regulating the program. Conversely, the non-medical marijuana program establishes a 15% tax on all retail sales of non-medical marijuana and allocates to the Commission one-third of those proceeds minus 2% to the Department of Revenue, an amount to the Department of Health and Senior Services necessary to defray their costs in regulating the program, and 3/15 to the local jurisdiction in which the sale took place. Despite the increased tax rate under the non-medical program, we anticipate receiving a significantly smaller portion of the tax revenues collected given the smaller allocation amount dedicated to the Commission.

Finally, the purpose for which the Commission may use its portion of the tax proceeds will essentially eliminate our ability to initiate construction projects to improve our physical facilities. Specifically, the medical marijuana program allows the Commission to use those proceeds for "for health and care services for military veterans, including the following purposes: operations, *maintenance and capital improvements* of the Missouri veterans homes, the Missouri service officer's program, and other services for veterans approved by the commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness." (Emphasis added) That is essentially everything that the Commission does and clearly affords the Commission the flexibility necessary to address the needs of Missouri's veterans as they change over time. Conversely, the non-medical marijuana program requires the Commission to use its significantly reduced portion of the tax revenues strictly for "*health care and other services* for military veterans and their dependent families". (Emphasis added) This language will severely limit our ability to adjust our facilities to meet the changing needs of Missouri's veterans.

In closing, Initiative Petitions 2020-125 and 2020-126 will adversely impact the ability of the Missouri Veterans Commission to serve the veterans of Missouri for the reasons set forth above. If I can be of any further assistance on this issue, please contact me at (573) 751-4066 at your convenience.

Sincerely,

Grace Link

Grace Link
Executive Director
Missouri Veterans Commission

Officials from the **Missouri Office of Prosecution Services** indicated there is no fiscal impact to their office. The enactment of a new crime [Section 2.10(6)(c)] creates additional responsibilities for county prosecutors which may in turn result in additional costs which are difficult to determine.

Mark R. Reading provided the following information:

Submitted by:

_____

Mark R. Reading
Jefferson City, MO 65109
(573) 694-6828
Primary Contact Person

Initiative Petition 2020-125
Marijuana Legalization, Regulation, and Taxation

Proposed Statement of Fiscal Impact

Fiscal Impact Information Submitted Pursuant to Section 23.140.2

The amendment's estimated state revenue is $197.9 million when fully implemented, including $27.6 million each for veterans, infrastructure, and health programs. General revenue and other state funds benefit by $48.4 million, and $27.2 million in local revenue is estimated.

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2022	FY 2023	FY 2024	FY 2025	4-year Total
General Revenue	$9,686,290	$20,993,899	$30,295,000	$38,826,867	$99,802,056
Veterans, Infrastructure, and Health Fund	$6,740,000	$48,305,110	$81,685,223	$122,258,755	$258,989,089
Other State Dedicated Funds	$540,584	$3,639,638	$6,365,681	$9,576,776	$20,122,678
Total Estimated Net Effect on All State Funds	$16,966,874	$72,938,647	$118,345,903	$170,662,397	$378,913,822
Total Estimated Net Effect on All Local Funds	$0	$10,244,526	$18,033,219	$27,207,776	$55,485,521
Total Estimated Net Effect on Federal Funds	$0	$0	$0	$0	$0
Total All Funds	$16,966,874	$83,183,173	$136,379,122	$197,870,174	$434,399,343

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ANALYSIS OF FISCAL IMPACT OF MEDICAL MARIJUANA PETITION

The fiscal impact analysis contained herein focuses on estimating the fee and tax revenue resulting from the constitutional amendment proposed in the initiative petition. Table 1 summarizes the revenue and savings estimated by source and by fiscal year.

Table 1 - Summary of Tax, Application and License Fees, Revenue, and Savings by Fund

Purpose	FY 2022	FY 2023	FY 2024	FY 2025	4-year total
Marijuana Cultivation Facilities	$2,100,000	$1,500,000	$1,500,000	$1,800,000	$6,900,000
Marijuana-Infused Products Manufacturing Facilities	$1,376,000	$860,000	$860,000	$1,118,000	$4,214,000
Marijuana Dispensary Facilities	$3,072,000	$1,920,000	$1,920,000	$2,496,000	$9,408,000
Marijuana Microbusiness Facilities	$192,000	$120,000	$120,000	$240,000	$672,000
15% sales tax	$0	$43,905,110	$77,285,223	$116,604,755	$237,795,089
subtotal Veterans, Infrastructure, and Health Fund	$6,740,000	$48,305,110	$81,685,223	$122,258,755	$258,989,089
General Revenue sales tax	$0	$8,781,022	$15,457,045	$23,320,951	$47,559,018
General Revenue budget savings	$9,686,290	$12,212,877	$14,837,955	$15,505,916	$52,243,038
subtotal GR	$9,686,290	$20,993,899	$30,295,000	$38,826,867	$99,802,056
Prop C sales tax	$0	$2,927,007	$5,152,348	$7,773,650	$15,853,006
Conservation sales tax	$0	$365,876	$644,044	$971,706	$1,981,626
Parks and Soils sales tax	$0	$292,701	$515,235	$777,365	$1,585,301
Criminal Records System Fund	$540,584	$54,054	$54,054	$54,054	$702,746
subtotal Other State Funds	$540,584	$3,639,638	$6,365,681	$9,576,776	$20,122,678
subtotal all state funds	$16,966,874	$72,938,647	$118,345,903	$170,662,397	$378,913,822
Local Sales Tax	$0	$10,244,526	$18,033,219	$27,207,776	$55,485,521
Grand Total State and Local	$16,966,874	$83,183,173	$136,379,122	$197,870,174	$434,399,343

This is the allocation table of the new Veterans, Infrastructure, and Health Fund. More explanation can be found on page 20.

Table 2 - Allocation of Veterans, Infrastructure, and Health Fund

	FY 2022	FY 2023	FY 2024	FY 2025	4-year total
Veterans, Infrastructure, and Health Fund					
Sales tax revenue - received	$0	$43,905,110	$77,285,223	$116,604,755	$237,795,089
Application and license fees	$6,740,000	$4,400,000	$4,400,000	$5,654,000	$21,194,000
Total VIH fund collections	$6,740,000	$48,305,110	$81,685,223	$122,258,755	$258,989,089
Administration of tax and program					
Department of Revenue (2% of collections)	($134,800)	($966,102)	($1,633,704)	($2,445,175)	($5,179,782)
Department of Health and Senior Services (for administration)	($6,605,200)	($15,668,590)	($15,981,962)	($16,301,601)	($54,557,353)
Remainder to distribute to major purposes	$0	$31,670,418	$64,069,557	$103,511,979	$199,251,954
Major Purposes					
Local governments (3/15ths of remainder)	$0	$6,334,084	$12,813,911	$20,702,396	$39,850,391
Veterans (one-third after local govt.)	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
Infrastructure (one-third after local govt.)	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
Health (one-third after local govt.)	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
subtotal for major purposes	$0	$31,670,418	$64,069,557	$103,511,979	$199,251,954
Total allocated	$6,740,000	$48,305,110	$81,685,223	$122,258,755	$258,989,089

Implementation dates required by Petition 2020-125

Table 3 below identifies the implementation dates prescribed in the petition. All fiscal estimates in this analysis assume that the Department of Health and Senior Services, and all other state and local governments affected by this petition will meet the deadlines required by the petition.

TABLE 3 - Implementation Schedule	
11/3/2020	Election Day - Voter Approval
12/3/2020	30 days after election - effective date of constitutional amendment
270 days after effective date of constitutional amendment	
8/30/2021	DHSS shall make available license application forms and application instructions for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, Marijuana-Infused Products Manufacturing Facilities and Marijuana Microbusiness Facilities
365 days after effective date of constitutional amendment	
12/3/2021	DHSS shall begin accepting application forms for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, Marijuana-Infused Products Manufacturing Facilities, Marijuana Microbusiness Facilities, Seed-to-Sale tracking systems, and transportation of marijuana from medical marijuana facilities with similar licenses
150 days after DHSS begins accepting application forms it begins approving licenses	
5/2/2022	For any application submitted by the day required under the constitutional provisions, DHSS shall have approved or denied application forms for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, Marijuana-Infused Products Manufacturing Facilities, and Marijuana Microbusiness Facilities. All applications must be approved or denied within 150 days of submission to DHSS thereafter.
First November national election date after initial statewide voter approval	
11/8/2022	Local governments can seek elections to prohibit operation of all or any category of marijuana facilities in their jurisdiction.
785 days after effective date of constitutional amendment	
1/27/2023	270 days after DHSS begins issuing licenses (5/2/22) DHSS may issue 6 additional microbusiness licenses per Congressional district.
1,063 days after effective date of constitutional amendment	
11/1/2023	548 days after DHSS begins issuing licenses (5/2/22) DHSS may begin approving licenses for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, Marijuana-Infused Products Manufacturing Facilities, Marijuana Microbusiness Facilities, DHSS may issue 6 additional microbusiness licenses per Congressional district.

Cultivation Application and License fees

The proposal provides for the licensing of Marijuana Cultivation Facilities. The DHSS is required to charge a one-time non-refundable application fee of $10,000. Once granted, the DHSS is required to charge an annual license fee of $25,000. Renewal fees are $5,000 after three years.

As seen in Table 3, the DHSS is required to make application forms available no later than 270 days after the effective date of the new constitutional provisions – which will be August 30, 2021. The DHSS is required to begin accepting applications no later than 365 days after the effective date of the new constitutional provisions – which will be December 3, 2021. Both deadlines are in FY 2022 of the Missouri state government budget. It is assumed that no revenues will be received before FY 2022. The proposal also provides that for the first 548 days after the DHSS begins to license facilities it may only accept applications for licensure from entities holding medical marijuana cultivation facility licenses. The first adult use marijuana licenses awarded to entities that are not medical marijuana licensees will begin November 1, 2023 (state fiscal year FY 2024).

Table 4 shows the calculation of the fee revenue estimated at $2.1 million in FY 2022, $1.5 million in FY 2023-FY 2024, and $1.8 million in FY 2025. Other assumptions include:

- The DHSS is expected to license 60 medical marijuana cultivation facilities in compliance with the medical marijuana constitutional provisions. These are the only facilities eligible for licensure for the first and second years after the election.
- Since the application period opens in the middle of the year and the award happens in May, it is assumed that the licensees will pay both the non-refundable application fee and the annual license fee in the same fiscal year.
- During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana and placed a University of Missouri market study on its website about the subject. Given the department's stated hesitancy, this analysis assumes no new additional facilities will be licensed during the period. Thus, the revenue estimate is conservative as the department moves slowly to license additional facilities. Only the renewal costs are included in the long-range forecast.

Table 4 shows:

- Application fees - $600,000 in FY 2022 and $0 in FY 2023-FY 2025.
- Renewal fees - $300,000 in FY 2025.
- Annual license fees - $1.5 million from FY 2022 to FY 2025.

Table 4 - Cultivation Facilities - Fee Revenues

	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable application fee	$10,000	$10,000	$10,000	$10,000
Renewal fee				$5,000
Licenses				
Medical marijuana licenses eligible year 1	60			60
New additional licenses	0	0	0	0
subtotal Non-Refundable Application Fee revenues	$600,000	$0	$0	$300,000
Annual license fee	$25,000	$25,000	$25,000	$25,000
Licenses				
Medical marijuana licenses eligible year 1	60	60	60	60
New additional licenses	0	0	0	0
subtotal Annual License Fee revenues	$1,500,000	$1,500,000	$1,500,000	$1,500,000
Total Cultivation license & fee revenues	$2,100,000	$1,500,000	$1,500,000	$1,800,000

Marijuana-Infused Products Manufacturing Facilities Application and License fees

The proposal provides for the licensing of Marijuana-Infused Products Manufacturing Facilities. The DHSS is required to charge a one-time non-refundable application fee of $6,000. Once granted, the DHSS is required to charge an annual license fee of $10,000. Renewal fees are $3,000 after three years.

As seen in Table 3, the DHSS is required to make application forms available no later than 270 days after the effective date of the new constitutional provisions – which will be August 30, 2021. The DHSS is required to begin accepting applications no later than 365 days after the effective date of the new constitutional provisions – which will be December 3, 2021. Both deadlines are in FY 2022 of the Missouri state government budget. It is assumed that no revenues will be received before FY 2022. The proposal also provides that for the first 548 days after the DHSS begins to license facilities it may only accept applications for licensure from entities holding medical marijuana infused products facility licenses. The first adult use marijuana licenses awarded to entities that are not medical marijuana licensees will begin November 1, 2023 (state fiscal year FY 2024).

Table 5 shows the calculation of the fee revenue estimated at $1.38 million in FY 2022, $860,000 in FY 2023-FY 2024, and $1.1 million in FY 2025. Other assumptions include:

- The DHSS is expected to license 86 medical marijuana-infused products manufacturing facilities in compliance with the medical marijuana constitutional provisions. These are the only facilities eligible for licensure for the first and second years after the election.
- Since the application period opens in the middle of the year and the award happens in May, it is assumed that the licensees will pay both the non-refundable application fee and the annual license fee in the same fiscal year.
- During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana and placed a University of Missouri market study on its website about the subject. Given the department's stated hesitancy, this analysis assumes no new additional facilities will be licensed during the period. Thus, the revenue estimate is

conservative as the department moves slowly to license additional facilities. Only the renewal costs are included in the long-range forecast.

Table 5 shows:

- Application fees - $516,000 in FY 2022 and $0 from FY 2023-FY 2025.
- Renewal fees - $258,000 in FY 2025.
- Annual license fees - $860,000 from FY 2022-FY 2025.

Table 5 - Infused Products Manufacturing Facilities - Fee Revenues

	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable application fee	$6,000	$6,000	$6,000	$6,000
Renewal fee				$3,000
Licenses				
Medical marijuana licenses eligible year 1	86			86
New additional licenses	0	0	0	0
subtotal Non-Refundable Fee revenues	$516,000	$0	$0	$258,000
Annual license fee	$10,000	$10,000	$10,000	$10,000
Licenses				
Medical marijuana licenses eligible year 1	86	86	86	86
New additional licenses	0	0	0	0
subtotal Annual License Fee revenues	$860,000	$860,000	$860,000	$860,000
Total Infused Product Manufacturing license & fee revenues	$1,376,000	$860,000	$860,000	$1,118,000

Marijuana Dispensary Facilities Application and License fees

The proposal provides for the licensing of Marijuana Dispensary Facilities. The DHSS is required to charge a one-time non-refundable application fee of $6,000. Once granted, the DHSS is required to charge an annual license fee of $10,000. Renewal fees are $3,000 after three years.

As seen in Table 3, the DHSS is required to make application forms available no later than 270 days after the effective date of the new constitutional provisions – which will be August 30, 2021. The DHSS is required to begin accepting applications no later than 365 days after the effective date of the new constitutional provisions – which will be December 3, 2021. Both deadlines are in FY 2022 of the Missouri state government budget. It is assumed that no revenues will be received before FY 2022. The proposal also provides that for the first 548 days after the DHSS begins to license facilities it may only accept applications for licensure from entities holding medical marijuana dispensary facility licenses. The first adult use marijuana licenses awarded to entities that are not medical marijuana licensees will begin November 1, 2023 (state fiscal year FY 2024).

Table 6 shows the calculation of the fee revenue estimated at $3.1 million in FY 2022 and $1.9 million in FY 2023-FY2024, and $2.5 million in FY 2025. Other assumptions include:

- The DHSS is expected to license 192 medical marijuana dispensary facilities in compliance with the medical marijuana constitutional provisions. These are the only facilities eligible for licensure for the first and second years after the election.
- Since the application period opens in the middle of the year and the award happens in May, it is assumed that the licensees will pay both the non-refundable application fee and the annual license fee in the same fiscal year.
- During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana and placed a University of Missouri market study on its website about the subject. Given the department's stated hesitancy, this analysis assumes no new additional facilities will be licensed during the period. Thus, the revenue estimate is conservative as the department moves slowly to license additional facilities. Only the renewal costs are included in the long-range forecast.

Table 6 shows:

- Application fees - $1,152,000 in FY 2022 and $0 from FY 2023-FY2025.
- Renewal fees: $576,000 in FY 2025.
- Annual license fees - $1.9 million from FY 2022-FY 2025.

Table 6 - Dispensary Facilities - Fee Revenues

	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable application fee	$6,000	$6,000	$6,000	$6,000
Renewal fee				$3,000
Licenses				
Medical marijuana licenses eligible year 1	192			192
New additional licenses	0	0	0	0
subtotal Non-Refundable Fee revenues	$1,152,000	$0	$0	$576,000
Annual license fee	$10,000	$10,000	$10,000	$10,000
Licenses				
Medical marijuana licenses eligible year 1	192	192	192	192
New additional licenses	0	0	0	0
subtotal Annual License Fee revenues	$1,920,000	$1,920,000	$1,920,000	$1,920,000
Total Dispensary license & fee revenues	$3,072,000	$1,920,000	$1,920,000	$2,496,000

Marijuana Microbusiness Facilities Application and License fees

The proposal provides for the licensing of Marijuana Microbusiness Facilities. The DHSS is required to charge a one-time non-refundable application fee of $1,500. Once granted, the DHSS is required to charge an annual license fee of $2,500. Renewal fees are $2,500 after three years.

As seen in Table 3, the DHSS is required to make application forms available no later than 270 days after the effective date of the new constitutional provisions – which will be August 30, 2021. The DHSS is required to begin accepting applications no later than 365 days after the effective date of the new constitutional provisions – which will be December 3, 2021. Both deadlines are in FY 2022 of the Missouri state government budget. It is assumed that no revenues will be received before FY 2022. The

proposal also provides that for the first 365 days after the DHSS may only accept applications for licensure from entities holding similar medical marijuana facility licenses.

Table 7 shows the calculation of the fee revenue estimated at $192,000 in FY 2022, $120,000 in FY 2023-FY 2024, and $240,000 in FY 2025. Other assumptions include:

- Marijuana Microbusiness Facilities are not included in the medical marijuana program.
- The proposal provides that a minimum of six such licenses be issued within each of Missouri's eight U.S. Congressional districts when licenses are first issued.
- Since the application periods open in the middle of the year it is assumed that the licensees will pay both the non-refundable application fee and the annual license fee in the same year.
- Since application fees are non-refundable additional revenue may be collected in FY 2023 from any applicant that is ultimately refused a license. This possible revenue is not calculated into this revenue estimate.
- During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana and placed a University of Missouri market study on its website about the subject. Given the department's stated hesitancy, this analysis assumes no new additional facilities will be licensed during the period. Thus, the revenue estimate is conservative as the department moves slowly to license additional facilities. Only the renewal costs are included in the long-range forecast.

Table 7 shows:

- Application fees - $72,000 in FY 2022 and $0 from FY 2023-2025.
- Renewal fees - $120,000 in FY 2025.
- Annual license fees - $120,000 from FY 2022-FY 2025.

Table 7 - Microbusiness Facilities - Fee Revenues

	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable application fee	$1,500	$1,500	$1,500	$1,500
Renewal fee				$2,500
Licenses				
Year 1 - estimate (minimum 6/Congressional Dist.)	48			48
New additional licenses	0	0	0	0
subtotal Non-Refundable Fee revenues	$72,000	$0	$0	$120,000
Annual license fee	$2,500	$2,500	$2,500	$2,500
Licenses				
Medical marijuana licenses eligible year 1	48	48	48	48
New additional licenses	0	0	0	0
subtotal Annual License Fee revenues	$120,000	$120,000	$120,000	$120,000
Total Microbusiness license & fee revenues	$192,000	$120,000	$120,000	$240,000

States that have approved adult use marijuana

Ten states and Washington D.C. have approved adult use marijuana. Nine received approval from voters while Illinois passed legislation to do so. Table 8 shows that Colorado and Oregon were the first approve adult use marijuana in November 2012. The table also shows when sales started and the length of time in months from approval to first sales. At this point only Colorado, Washington, and Oregon have had sales of at least three years to provide the best data necessary to fully understand the longer-range revenue prospects for adult use marijuana. Alaska is close to having three years' experience. However, it took Alaska longer to implement its program. Alaska also has a small program and uses an excise tax that makes it less comparable to the first three which have similar taxes as that proposed in the Missouri initiative petition. This fiscal note will focus on data from Colorado, Washington, and Oregon in the analysis.

Table 8 - States with Adult Use Marijuana

State	Approved by voters or legislature	Month/year sales started or anticipated	Months from election to sales
Colorado	November 2012	January 2014	15
Washington	November 2012	July 2014	21
Oregon	November 2014	February 2016	15
Alaska	November 2014	October 2016	23
Nevada	November 2016	July 2017	9
California	November 2016	January 2018	15
Massachusetts	November 2016	November 2018	24
Maine	November 2016	March 2020	40
Michigan	November 2018	May 2020	18
Illinois	June 2019	January 2020	6
Missouri (if approved)	November 2020	July 2022	21

Many factors will influence the size of the adult use marijuana program. Having selected three states as the focus of the analysis, four factors in particular will be reviewed.

- Marijuana usage in the states – a review of how Missouri's reported marijuana usage compares to other states to help determine the possible base line for the initial years of the program.
- Initial sales and growth over time.
- Initial infrastructure for sales and its effect on sales.
- Tourism in the states to help determine the impact of sales in Missouri.

Marijuana Usage

Table 9 provides another way to think about the states that have approved adult use marijuana and its possible use in Missouri and revenue estimates. Table 9 shows the percent of those age 18 and over who indicate use of marijuana in the past year from 2012 to 2017 published by the U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. The 2016-2017 data is the most recently published. The table is sorted by marijuana usage in 2012-2013 which is the last data before adult use marijuana was available in any state. The top 30 states and the national average are shown.

The states that have legalized adult use marijuana are highlighted in blue. All but Illinois, the last state that made it legal, were in the top 15 states for marijuana use in the past year in 2012-2013 and all were above the U.S. national average. Legal medical marijuana programs may be a factor in the higher percentage reported in some of these states. Missouri's 2012-2013 rate of 11.41% is substantially below all of the states that have started sales of adult use marijuana and in every year thereafter. Illinois and Missouri have nearly the same rate of use at the start and end of this timeline. The green boxes are the

last year for each state before adult use sales started which also highlights the fact that only a few states have three full years of experience with revenues.

Table 9. Marijuana Use in the Past Year, by Age Group and State: Percentages, Annual Averages Based on NSDUH

Rank	State	2012-2013 - 18 or Older Estimate	2013-2014 - 18 or Older Estimate	2014-2015 - 18 or Older Estimate	2015-2016 - 18 or Older Estimate	2016-2017 - 18 or Older Estimate
1	Rhode Island	20.21%	19.13%	19.04%	20.62%	21.24%
2	Alaska	20.16%	19.86%	22.31%	23.46%	23.43%
3	Oregon	19.21%	19.50%	19.59%	23.19%	27.38%
4	Vermont	19.04%	20.11%	20.80%	22.32%	24.34%
5	Colorado	18.94%	20.74%	23.57%	23.82%	25.65%
6	Washington	17.58%	19.06%	17.68%	19.45%	23.21%
7	Maine	16.26%	19.76%	19.88%	20.12%	22.46%
8	Montana	15.78%	14.13%	15.45%	18.54%	19.86%
9	Massachusetts	15.62%	17.38%	18.47%	19.02%	20.28%
10	Michigan	15.12%	15.65%	15.21%	15.81%	16.94%
11	New Hampshire	15.11%	16.85%	17.44%	17.89%	18.90%
12	New Mexico	14.73%	15.57%	14.67%	15.88%	17.71%
13	New York	14.08%	14.26%	15.21%	15.09%	14.74%
14	Nevada	13.91%	12.86%	12.89%	12.98%	17.06%
15	California	13.85%	14.44%	15.36%	16.54%	17.81%
16	Connecticut	13.78%	13.83%	15.68%	15.18%	16.37%
17	Delaware	13.71%	13.87%	13.06%	13.07%	14.92%
18	Hawaii	13.19%	12.46%	12.62%	13.02%	13.29%
19	Ohio	12.76%	11.59%	12.21%	14.00%	13.92%
20	Arizona	12.71%	13.53%	13.08%	12.26%	14.14%
	Total U.S.	12.22%	12.87%	13.41%	13.85%	14.73%
21	Virginia	12.22%	13.08%	11.55%	11.11%	11.92%
22	Minnesota	11.93%	12.28%	12.82%	12.92%	13.78%
23	Illinois	11.56%	12.17%	12.56%	12.36%	13.88%
24	South Carolina	11.53%	11.45%	12.61%	10.89%	11.14%
25	Missouri	11.41%	12.75%	13.59%	13.26%	13.95%
26	Georgia	11.30%	11.82%	12.79%	12.64%	11.78%
27	Florida	11.23%	11.67%	12.51%	13.10%	13.71%
28	Maryland	11.16%	13.33%	15.20%	15.67%	15.65%
29	Pennsylvania	11.15%	11.63%	12.40%	13.25%	13.47%
30	Indiana	10.93%	12.90%	13.89%	13.33%	14.54%

Source: SAMHSA, Center for Behavioral Health Statistics and Quality, National Survey on Drug Use and Health[i]

Table 10 compares Missouri's base year to Colorado, Washington, and Oregon. Missouri's 13.95% base year is between 3.63% to 5.64% lower than the three states.

Table 10 - Base Year 18 years or older % Marijuana Use in Past Year			
	Base Year Marijuana Usage	Base year rate	Difference in rate from MO
Missouri	2016-2017	13.95%	
Colorado	2012-2013	18.94%	4.99%
Washington	2012-2013	17.58%	3.63%
Oregon	2014-2015	19.59%	5.64%

Table 11 shows how the percentage of those age 18 and older reporting marijuana use changed in the first three years of adult use marijuana sales for Colorado, Washington, and Oregon. In each state the percentage went up over the three years. In the first year the Colorado rate increased 1.8%, Washington by slightly less at 1.48%, and Oregon by 3.6%. The percentage increase in use at the end of the three years compared to the base year percentage was substantially different in each state – Colorado (4.88%), Washington (1.87%), and Oregon (7.79%). Given the lower base year in Missouri shown in Table 10 it seems unlikely that it will increase to the levels shown in the other states in Table 11. Adding Washington's roughly 2.0% increase to Missouri's rate would bring it to 15.95% which is lower than where the other three states started.

Table 11 - Marijuana Use in the Past Year		
	% use age 18 and older	Change in rate
Colorado		
Base year (2012-2013)	18.94%	
Year 1	20.74%	1.80%
Year 2	23.57%	2.83%
Year 3	23.82%	0.25%
overall change base to year 3		4.88%
Washington		
Base year (2012-2013)	17.58%	
Year 1	19.06%	1.48%
Year 2	17.68%	-1.38%
Year 3	19.45%	1.77%
overall change base to year 3		1.87%

Initial infrastructure for adult use marijuana

Table 12 shows the number of retail stores over the first three years in Colorado, Washington, and Oregon. Colorado and Washington start with roughly the same number of retail outlets. Oregon data is unavailable because the program did not establish the statistical infrastructure to collect it in the early years. The Department of Health and Senior Services intends to license 192 medical marijuana dispensaries – the minimum required under that constitutional amendment. The proposed petition provides that for the first year and a half only the medical marijuana dispensaries can be permitted to provide adult use marijuana.

During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana. The department placed on its website a University of Missouri market study that estimates substantially fewer medical marijuana patients than estimated in the ballot language for voters in November 2018. The study reflects concern that oversupply will affect product price and thus the economic feasibility of the envisioned facilities throughout the state. The study also reflects concern about possible diversion of oversupply to the illegal market. In addition, we are aware of reports that Oregon has an oversupply of marijuana.

For these reasons, the estimates assume that the number of Missouri dispensaries will grow more slowly than those in the three states on which the analysis is based. Thus, both application and license fee revenue will be lower as will the likely spending per person in this analysis.

Table 12 - Retail Marijuana Dispensaries in Other States

	# of stores	Change in #	% change
Colorado			
January 2014	161		
January 2015	356	195	121.1%
January 2016	422	66	18.5%
change over 3 years		261	162.1%
Washington			
FY 2015 - applications	175		
FY 2016 - active	525	350	200.0%
FY 2017 - active	507	(18)	(3.4%)
change over 3 years		332	189.7%
Oregon			
FY 2015	N/A		
FY 2016	N/A	0	#DIV/0!
FY 2017	N/A	0	#DIV/0!
change over 3 years		0	#DIV/0!

Marijuana sales over the first three years in other states

Table 13 shows data for the first three years of sales in Colorado[ii], Washington[iii], and Oregon[iv]. The population used for each year is from the estimates made by the U.S. Census Bureau.[v]

Colorado ($56.57/capita) and Washington ($37.24/capita) have year one sales lower than Oregon ($94.05/capita). Dividing the population of the three states into the total sales gives a first-year per capita sale of $57.74/capita. Washington had an unregulated medical marijuana program. Its lower per capita sales may be a function of the fact that it was harder to flip to adult use marijuana than in Oregon which had a regulated medical marijuana program.

By year three the Washington ($190.97) had grown dramatically from its low start. Oregon ($132.90) per capita sales which started as the highest per capita sales are the lowest by year three.

Table 13- First 3 full-years of Marijuana Sales Retail Value for Colorado, Washington, and Oregon

State/year	Year of starting month	Population	Marijuana sales	$ per capita spent on Retail marijuana
Colorado				
Year 1	2014	5,351,218	$303,239,699	$56.67
Year 2	2015	5,452,107	$577,536,343	$105.93
Year 3	2016	5,540,921	$861,587,411	$155.50
Washington				
Year 1	2014	6,968,170	259,524,430.41	$37.24
Year 2	2015	7,061,410	786,404,467.45	$111.37
Year 3	2016	7,183,700	1,371,862,186.37	$190.97
Oregon				
Year 1	2016	4,091,404	$384,797,226	$94.05
Year 2	2017	4,146,592	$419,924,401	$101.27
Year 3	2018	4,190,713	$556,959,330	$132.90
Combined 3 state totals				
Year 1		16,410,792	947,561,355	$57.74
Year 2		16,660,109	1,783,865,211	$107.07
Year 3		16,915,334	2,790,408,928	$164.96

Table 14 shows the dollar per capita and percentage growth in the first three years of sales. Washington with its low start had very high growth in year 2. Colorado grew by 86.9%. In year two Oregon's growth slowed but it had dollar per capita sales very similar to Colorado. The combined 3 state totals are weighted by population and show 85.4% growth in the second year and 54.1% growth in the third year.

Table 14- First 3 full-years of Marijuana Sales Retail Value for Colorado, Washington, and Oregon

State/year	$ per capita spent on Retail marijuana	$ Change in $/capita	% change in $/capita
Colorado			
Year 1	$56.67		
Year 2	$105.93	$49.26	86.9%
Year 3	$155.50	$49.57	46.8%
3-year change		$98.83	174.4%
Washington			
Year 1	$37.24		
Year 2	$111.37	$74.12	199.1%
Year 3	$190.97	$79.60	71.5%
3-year change		$153.72	412.8%
Oregon			
Year 1	$94.05		
Year 2	$101.27	$7.22	7.7%
Year 3	$132.90	$31.63	31.2%
3-year change		$38.85	41.3%
Combined 3 state totals			
Year 1	$57.74		
Year 2	$107.07	$49.33	85.4%
Year 3	$164.96	$57.89	54.1%
3-year change		$107.22	185.7%

Tourism

A portion of adult use marijuana sales are the result of visitors to the states that have approved such sales. Table 15 provides tourism data for Colorado, Washington, Oregon, and Missouri[vi]. Both Colorado and Washington have more than twice the number of visitor nights compared to its population as Missouri. In addition, Missouri's spending by visitors compared to population is substantially less than that of Colorado and Washington. The Oregon and Missouri numbers are similar on visitor nights but Missouri lags behind the Oregon spending level. It has been estimated that tourism accounts for less than 10% of Colorado's sales.[vii]

While Missouri may see an uptick of travelers and tourist dollars as a result of adult use marijuana sales it is starting at a significantly lower base to make a dramatic impact on tax collections.

Table 15 - Tourism Visitors and Spending

	Colorado	Washington	Oregon	Missouri
Population estimate 2018	5,695,564	7,535,591	4,190,713	6,126,452
# of visitor nights	85,200,000	128,700,000	29,100,000	42,000,000
Visitors per population	14.96	17.08	6.94	6.86
$ spending of visitors	$22,300,000,000	$24,400,000,000	$12,300,000,000	$13,500,000,000
Spending per population	$3,915.33	$3,237.97	$2,935.06	$2,203.56

Adult Use Marijuana Sales in Missouri

Table 16 provides a range for possible adult use marijuana sales for the first three years of the program. The population calculations were calculated using data from the Office of Administration, Division of Budget and Planning.[viii]

High-end estimate - assumes the population weighted combined 3 state totals from Colorado, Oregon, and Washington shown in Table 14 above. Per capita sales start at $57.74 and grow by 85.4% and 54.1% respectively in years 2 and 3. However, Missouri's base year marijuana usage, as shown in Table 10 is 3.63% to 5.64% below the starting base year for these three states. The value of adult use marijuana sales starts at $375.6 million in year 1 and grows to $1,086 million in year 3.

Low-end estimate - begins at Washington's $37.24/capita starting point. Missouri's marijuana usage is lower. However, Missouri will have a regulated medical marijuana program that Washington did not have when the adult use program began. The low-end estimate assumes the growth in the combined 3 state totals shown in Table 14 of 85.4% and 54.1% respectively in years 2 and 3. The value of adult use marijuana sales starts at $242.2 million in year 1 and grows to $700.2 million in year 3.

Moderate estimate - starts at $45 per capita. This is $11.67/capita lower, about 20% lower, than Colorado. It's higher than Washington's level which was suppressed in year 1. The moderate estimate assumes growth of 75% in year 2 and 50% in year 3.

As noted in Table 14 the three states had different paths to their three-year sales levels. Washington started much lower but had the highest growth in years 2 and 3. Oregon started with high sales per capita but very little growth in year 2 and moderate growth in year 3. The value of adult use marijuana sales starts at $292.7 million in year 1 and grows to $774.4 million in year 3.

The moderate estimate is conservative based on the data reviewed in the pages above.

- Missouri's base year marijuana usage according to federal surveys is lower than the level in Colorado, Oregon, and Washington at the start of the adult use marijuana program.
- Missouri has fewer tourists that could boost sales.

- The department has expressed concern about demand and will likely move more slowly than the other states in adding dispensaries and other facilities.
- Prices for adult use marijuana are difficult to estimate and are likely to decrease over the first few years as supply increases as has happened in the other states.
- It also reflects the difficulty of estimating a new program with limited experience in the other states and the need to make conservative budget assumptions for a healthy program.

Table 16 – Adult Use Marijuana Sales in Missouri

			Low End Estimate		Moderate Estimate		High End Estimate	
	Fiscal Year	Missouri Population	Per capita	Value of Adult use Sales	Per capita	Value of Adult use Sales	Per capita	Value of Adult use Sales
Year 1	2023	6,504,461	$37.24	$242,226,120	$45.00	$292,700,736	$57.74	$375,567,567
Year 2	2024	6,542,664	$69.04	$451,724,916	$78.75	$515,234,822	$107.07	$700,523,077
Year 3	2025	6,580,868	$106.40	$700,172,776	$118.13	$777,365,033	$164.96	$1,085,579,985

Tax, License, and Fee Revenue Estimate

Table 17 uses the moderate estimate of sales to calculate the tax revenues for the new Veterans, Infrastructure, and Health Fund, state general revenue, other state funds, and local funds. The local funds calculation assumes a 3.5% median sales tax derived from the Department of Revenue's list of 2,361 local sales tax rates.[ix] The first licenses will not be awarded until early May 2022. The estimates assume the department will issue the license and complete the department's final inspection and other tasks with tax revenue beginning in July 2022 (FY 2023).

Combined State and local tax, fee, and license collections:

- A total all state and local funds of $6.7 million in FY 2022 rising to $182.3 million in FY 2025.
- A four-year total of $381.5 million in all state and local funds.

State license and fee collections:

- Total state funds of $6.7 million in FY 2022 and $5.7 million in FY 2025.
- A four-year total of $21.2 million in state funds.

State tax collections:

- A total all state funds of $56.3 million in FY 2023 rising to $149.4 million in FY 2025.
- A four-year total of $304.8 million in all state funds.
- Veterans, Infrastructure, and Health Fund: $43.9 million in FY 2023 rising to $116.6 million in FY 2025.
- General Revenue Fund: $8.8 million in FY 2023 rising to $23.3 million in FY 2025.
- Prop C: $2.9 million in FY 2023 rising to $7.8 million in FY 2025.
- Conservation: $365,876 in FY 2023 rising to $971,706 in FY 2025.
- Parks and Soils: $292,701 in FY 2023 rising to $777,365 in FY 2025.

Local tax collections:

- Total local funds of $10.2 million in FY 2023 rising to $27.2 million in FY 2025.
- A four-year total of $55.5 million in local funds.

Table 17 - Missouri Tax, License, and Fee Revenue Estimate

	FY 2022	FY 2023	FY 2024	FY 2025	4-year total
Value of sales taxed	$0	$292,700,736	$515,234,822	$777,365,033	$1,585,300,590
SALES TAX COLLECTIONS					
Veterans, Infrastructure, and Health Fund					
Proposed Missouri sales tax rate	15.0%	15.0%	15.0%	15.0%	15.0%
Sales tax revenue	$0	$43,905,110	$77,285,223	$116,604,755	$237,795,089
License and fee revenue	$6,740,000	$4,400,000	$4,400,000	$5,654,000	$21,194,000
subtotal VIH fund	$6,740,000	$48,305,110	$81,685,223	$122,258,755	$258,989,089
General Revenue					
GR statutory sales tax rate	3.0%	3.0%	3.0%	3.0%	3.0%
Sales tax revenue	$0	$8,781,022	$15,457,045	$23,320,951	$47,559,018
Prop C					
Prop C sales tax rate	1.0%	1.0%	1.0%	1.0%	1.0%
Sales tax revenue	$0	$2,927,007	$5,152,348	$7,773,650	$15,853,006
Conservation					
Conservation sales tax rate	0.125%	0.125%	0.125%	0.125%	0.125%
Sales tax revenue	$0	$365,876	$644,044	$971,706	$1,981,626
Parks and Soils					
Parks and Soils sales tax rate	0.10%	0.10%	0.10%	0.10%	0.10%
Sales tax revenue	$0	$292,701	$515,235	$777,365	$1,585,301
Total State Funds					
All state funds sales tax rate	19.225%	19.225%	19.225%	19.225%	19.225%
Sales tax and license fee revenue	$6,740,000	$60,671,716	$103,453,894	$155,102,427	$325,968,038
Local Sales Taxes					
Median sales tax rate from DOR	3.50%	3.50%	3.50%	3.50%	3.50%
Sales tax revenue	$0	$10,244,526	$18,033,219	$27,207,776	$55,485,521
Total State and Local Funds					
State and local sales tax rate	22.725%	22.725%	22.725%	22.725%	22.725%
Total Sales tax, license, and fee revenue	$6,740,000	$70,916,242	$121,487,113	$182,310,204	$381,453,559

Allocation of Veterans, Infrastructure, and Health Fund

The proposed petition establishes a number of purposes for which the revenue derived is to be used. First, the Department of Revenue (collection costs) and the Department of Health and Senior Services (administration) are to receive their funds before allocation to the other major purposes. Table 18 shows the distribution among the uses identified in the petition.

Assumptions for the allocation table below include:

- The Department of Revenue takes the maximum 2% it is allowed to take for collection costs.
- The Department of Health and Senior Services spends the same amount, including fringe benefit costs, for administration of the adult use marijuana program as it received in the FY 2020 budget for the medical marijuana program. It will either do so by shifting some medical marijuana staff to the adult use program or add additional staff. A two percent inflation factor is provided beginning in FY 2024. For FY 2022 it is assumed that the department's cost above the Veterans, Infrastructure, and Health Fund revenues, if any, will be paid with a transfer from general revenue as provided by the act.
- The remaining uses receive their share as detailed in the petition.

Allocations:

- Local government: $6.3 million in FY 2023 rising to $20.7 million in FY 2025. A 4-year total of $39.9 million.
- Veterans: $8.4 million in FY 2023 rising to $27.6 million in FY 2025. A 4-year total of $53.1 million.
- Infrastructure: $8.4 million in FY 2023 rising to $27.6 million in FY 2025. A 4-year total of $53.1 million.
- Health: $8.4 million in FY 2023 rising to $27.6 million in FY 2025. A 4-year total of $53.1 million.

Table 18 - Allocation of Veterans, Infrastructure, and Health Fund

	FY 2022	FY 2023	FY 2024	FY 2025	4-year total
Veterans, Infrastructure, and Health Fund					
Sales tax revenue - received	$0	$43,905,110	$77,285,223	$116,604,755	$237,795,089
Application and license fees	$6,740,000	$4,400,000	$4,400,000	$5,654,000	$21,194,000
Total VIH fund collections	$6,740,000	$48,305,110	$81,685,223	$122,258,755	$258,989,089
Administration of tax and program					
Department of Revenue (2% of collections)	($134,800)	($966,102)	($1,633,704)	($2,445,175)	($5,179,782)
Department of Health and Senior Services (for administration)	($6,605,200)	($15,668,590)	($15,981,962)	($16,301,601)	($54,557,353)
Remainder to distribute to major purposes	$0	$31,670,418	$64,069,557	$103,511,979	$199,251,954
Major Purposes					
Local governments (3/15ths of remainder)	$0	$6,334,084	$12,813,911	$20,702,396	$39,850,391
Veterans (one-third after local govt.)	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
Infrastructure (one-third after local govt.)	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
Health (one-third after local govt.)	$0	$8,445,445	$17,085,215	$27,603,194	$53,133,854
subtotal for major purposes	$0	$31,670,418	$64,069,557	$103,511,979	$199,251,954
Total allocated	$6,740,000	$48,305,110	$81,685,223	$122,258,755	$258,989,089

Department of Health and Senior Services (DHSS) - costs

DHSS has experience with implementing the medical marijuana program in accordance with Amendment 2 passed by Missouri voters in November 2018. Thus, the learning curve should be dramatically reduced for the department for a fully legal adult use marijuana program. Much of the language of the new petition mirrors the framework and language from voter-approved Amendment 2 to implement the new program. The tasks that DHSS has already completed or will complete for the medical marijuana program includes, but is not limited to creating:

- rules for the medical marijuana program;
- Advisory Committees;
- a robust website with information about the program;
- forms and applications;
- an online application portal;
- awarding and completing a contract to provide for blind scoring of the applications;
- FAQs;
- videos to help applicants understand the process
- a significant outreach program to businesses and organizations involved or interested in the medical marijuana program;
- reporting mechanisms available to show the distribution of applicants across the state;
- other resources for applicants and the public; and
- educating the Governor and legislature on its budgetary needs to successfully implement the program.

DHSS was successful in receiving $846,726, including 3.5 staff, in FY 2019 supplemental budget funding to begin implementation of the medical marijuana program. In addition, DHSS received $15.7 million, including 52 staff and fringe benefits, in full year FY 2020 funding to implement the program. The staff included:

- 40 health facilities consultants to process and verify applications, inspect facilities, provide technical assistance to the testing facilities to assist with obtaining and maintaining certification; monitor for compliance, and other duties as needed.
- 4 health and senior services managers to manage patient and caregiver applications while meeting application decision deadlines; manage licensing and/or certification of medical marijuana cultivation facilities, dispensary facilities, infused products manufacturing facilities, testing facilities, transportation entities, seed-to-sale tracking systems; and provide ongoing management responsibilities.
- 2 attorneys to provide legal support.
- 1 Planner IV to project manage and work in conjunction with the IT project manager to plan, monitor, and execute the implementation of a seed-to-sale tracking system
- 1 designated principal assistant.
- 4 clerical support staff

Table 19 provides budget information for Colorado[x], Washington, and Oregon to provide perspective on their administrative costs for the Department of Revenue and the relevant administrative agencies. Missouri's $15.7 million budget for medical marijuana administration appears to be larger than the programs in the other states.

Table 19 - Administrative costs in Oregon, Washington, and Colorado

	Total (in millions)	FTE
Oregon		
Adult use	$19.0	68.0
Medical	$5.6	23.0
Total	$24.6	91.0
Washington		
Adult use & medical	$24.2	
Colorado		
Adult use	$14.5	120.1
Medical	$2.4	1.3
Total	$16.9	121.4

All of this success and sizable budget should make the additional cost of regulating legal marijuana more easily accomplished and keep costs down. For example, DHSS has 40 health facility consultants to process and verify applications, provide technical assistance, monitor compliance, and other duties. DHSS asked for such a sizable staff in part because it was unclear whether OA ITSD would supply a highly functional IT system to process applications during this first round of applications. DHSS received 2,163 medical marijuana applications yet is expected to issue just 348 licenses – the minimum required by the medical marijuana amendment. DHSS has thus received about 6 times more applicants than the number it will approve.

The current DHSS process and timetable is for the first medical marijuana licenses to be issued in late December 2019 or early January 2020. Providing the necessary construction phase for the medical marijuana facilities and the initial growing period, Missourians can expect that medical marijuana product becomes available during the summer or fall of 2020 with dispensaries being opened from then until the end of 2020. DHSS has indicated publicly that it intends to go slowly on issuing licenses during the first few years of medical marijuana implementation to ensure that the marketplace is sufficient to provide a healthy medical marijuana industry and prevent an oversupply of product. There is little expectation that DHSS will begin another round of medical marijuana facilities expansion before late 2022 – which is beyond the dates contained in this petition and required for implementation of a legal marijuana program. Thus, there is no conflict or doubling up of application processing between the two programs.

As noted earlier in this analysis, for the first 548 days of legal marijuana applications DHSS may only accept applications for licensure from entities holding similar medical marijuana facility licenses. The 40 health facility consultants will face a maximum of 348 marijuana facility applications in late 2021, 16% of what they faced in 2019. In addition, the health facility consultants and all of the staff only have to deal with facilities that they have already instructed, inspected, monitored for compliance, and reviewed. The owners and staff of the medical marijuana facilities will already be knowledgeable of all of the rules and regulations and will have developed a strong working relationship with DHSS.

It is assumed that there will be some costs required to process adult use marijuana facility applications. Costs for OA ITSD for IT services are included in the DHSS medical marijuana budget and can be used to provide additional functionality to reduce the amount of paperwork done by the health facilities consultants and clerical staff. Providing a more efficient, robust and user-friendly application portal will help the department. In addition, additional website development to improve reporting tools, update

videos, and other functionality can be completed before the adult use program applications are announced. Blind scoring costs currently in the DHSS budget will not be needed for the first round of adult use marijuana application evaluation.

This analysis assumes that the department will spend the same $15.7 million for their administrative costs for adult use as it did for medical marijuana. It will either do so by shifting some medical marijuana staff to the adult use program or add additional staff. There likely will be significant cost savings in administrative costs when the medical and adult use programs are operational. As shown in Table 19, Colorado, Washington, and Oregon spend much less than the $32 million in administration for both programs that possible under the assumptions of this analysis. Those savings are not calculated herein and will be decided by the Governor and legislature as both programs proceed.

Department of Corrections Savings

In a fiscal note to HB 1448 (2018) the Department of Corrections laid out its estimate of savings to a bill that allowed adult use marijuana. It indicated substantial savings. The department reported that the annual number of persons admitted for cannabis offenses was expected to be 209 with an additional 986 sent to probation. It also reported that the average incarcerated offender spent one year in prison and three more years on parole.

https://house.mo.gov/billtracking/bills181/fiscal/fispdf/4952-01N.ORG.pdf

In its 2017 Annual Report the Missouri Board of Probation and Parole reported that the per diem cost of incarceration was $58.85 compared to $5.39 for probation or parole. Revised numbers have not been made available by the Department. However, the 2017 costs are included in the analysis below to identify the cost savings of the initiative petition to the Department. A two percent inflation factor is assumed for institutional and probation/parole costs.

The number of people normally incarcerated remains static in this analysis at 209 each year since a new cohort comes in and then leaves after one year. At $58.85/day ($21,480/year) the department will save $4.5 million in incarceration costs. The number of people normally expected to be under supervision grows until it peaks at year four. The 209 that normally serves three years of probation increases until it tops out at 627. The 986 people that normally serve three years of supervision tops out at 2,958. The number of people that will not be under supervision in year four is 3,794. The savings run from $6.4 million in year one to $12.2 million in year four.

Table 20 - Department of Corrections - Savings				
	FY 2022	FY 2023	FY 2024	FY 2025
Incarcerated	209	209	209	209
Parole		209	418	627
Probation	986	1,972	2,958	2,958
subtotal supervision	986	2,181	3,376	3,585
Total affected population	1,195	2,390	3,585	3,794
Institutional costs/day	$58.85	$60.03	$61.23	$62.45
Institutional costs/year	$21,480	$21,910	$22,348	$22,795
Probation/parole costs/day	$5.39	$5.50	$5.61	$5.72
Probation/parole costs/year	$1,967	$2,007	$2,047	$2,088
Savings institutional	$4,489,372	$4,579,160	$4,670,743	$4,764,158
Savings probation/parole	$1,939,807	$4,376,606	$6,910,101	$7,484,647
Total Savings	$6,429,179	$8,955,766	$11,580,844	$12,248,805

Public Defender Savings

The State Public Defender's Office also estimated its savings in the same fiscal note to HB 1448 (2018). The Public Defender reported that the bill would save 52,230 attorney hours, or slightly more than 25 attorneys based on the state's 2,080-hour work year. The Public Defender assumed that 25% of drug cases relate to marijuana affecting about 2,472 cases. However, it did not convert the 52,230 hours savings into a dollar amount. It stated that it would not cut its budget because it is staffed substantially below the level it believes is necessary to meet its caseload standards.

Table 21 provides the conversion of hours saved into dollars using the FY 2020 budget request for 385 additional staff made by the Public Defender's Office. The FY 2020 budget request included a request for attorneys at a salary of $60,084 and a secretary for every three attorneys at a salary of $28,668. That provides a savings of $1.7 million in salaries if the Public Defender's budget was cut to keep its staffing levels at the level the General Assembly has been providing. The expense and equipment requests provided $10,500/attorney in travel and $6,380/FTE for all other expense and equipment leading to a savings of $475,145. Fringe benefit savings would add another $1 million. Total savings to the Public Defender's budget annually is estimated at $3.3 million. However, the petitioners do not recommend such cuts.

Table 21 - Public Defender possible savings			
Hours saved	52,230		
Yearly hours per FTE	2,080		
FTE saved	25.11		
	# staff	Avg. salary	Total
Public defenders	25	$60,084	$1,502,100
Secretary (1 for every 3 attorneys)	8.33	$28,668	$238,804
subtotal Personal Service Savings			$1,740,904
Expense & equipment			
Travel	25	$10,500	$262,500
Other items	33.33	$6,380	$212,645
subtotal E&E Savings			$475,145
Fringe benefits (59.8% of PS costs)			$1,041,061
Total savings for Public Defender			$3,257,110

Other department – costs, revenues, or savings

The Missouri State Highway Patrol (MSHP) should expect additional revenue as a result of this proposal. For HB 1448 (2018) the MSHP estimated income of $540,584 for the Criminal Records System Fund as a result of fingerprint and criminal record system checks in the first year and $54,054 annually thereafter.

The Office of Administration, Information Technology Systems Division provided IT support to DHSS. Possible additional costs to OA ITSD are included in the DHSS cost discussion of this analysis.

The Office of State Courts Administrator, the courts, the Department of Corrections, and the Public Defender may have additional costs to process expungement of marijuana convictions from criminal records. The petition provides that people with such convictions "may apply for expungement upon the effective date of this section and such expungement shall be granted…". A search of the Missouri General Assembly's bill list for the past seven regular sessions found three bills filed by Rep. Ellington from 2014-2016 that included expungement of such records. It was not the same as the petition's provisions. The Oversight Division did not complete a fiscal note of the possible costs or savings.

Footnotes:

[i] [i] SAMSHA, National Survey on Drug Use and Health - https://www.samhsa.gov/data/nsduh/state-reports-NSDUH-2016

[ii] Colorado provides data on monthly sales and monthly tax revenue. Colorado Department of Revenue, Monthly sales of marijuana. Excel spreadsheet downloaded. https://www.colorado.gov/pacific/revenue/colorado-marijuana-sales-reports. Monthly tax receipts from marijuana sales. Excel spreadsheet downloaded. https://www.colorado.gov/pacific/revenue/colorado-marijuana-tax-data

[iii] Washington's website has annual data for the first three years but only part of a 2018. https://data.lcb.wa.gov/Sales/Sales-and-Tax-Grouped-by-Fiscal-Year-Chart-/g9n8-n3mg. Monthly tax data is not on the Washington website but can be found at the following site but the monthly numbers when added are slightly different that the state annual numbers. https://www.502data.com/

[iv] Oregon Department of Revenue. Download excel spreadsheet. https://www.oregon.gov/DOR/programs/gov-research/Pages/research-marijuana.aspx

[v] U.S. Census Bureau https://www.census.gov/data/tables/time-series/demo/popest/2010s-state-total.html

[vi] Data obtained from the Division of Tourism offices in each state.

[vii] Governing Magazine, High on Pot Taxes, September 2019. https://www.governing.com/columns/public-money/gov-pot-taxes-high.html?utm_term=High%20on%20Pot%20Taxes&utm_campaign=High%20on%20Pot%20Taxes&utm_content=email&utm_source=Act-On+Software&utm_medium=email

[viii] Missouri Office of Administration, Division of Budget and Planning. https://archive.oa.mo.gov/bp/projections/TotalPop.pdf. The population estimates are at five year intervals. To determine the numbers for years 2023-2025 for this analysis the 2020 to 2025 total change was calculated and divided to determine the level annual increase per year needed to make the 2025 number – 38,204 increase per year.

[ix] Missouri Department of Revenue, Sales and Use tax rate table in effect for August/September 2019; https://dor.mo.gov/business/sales/taxcards/multiletter.pdf

[x] Colorado Joint Budget Committee, Marijuana Policy Overview. https://leg.colorado.gov/sites/default/files/fy2019-20_marbrf.pdf

David R. Usher provided the following information:

October 24, 2019

Nicole Galloway
Missouri State Auditor
301 W High St # 880
Jefferson City, MO 65101

Delivered by:

Email to elections@sos.mo.gov
Email to elections1.sos.mo.gov

CC:

Secretary of State John R. (Jay) Ashcroft
600 West Main Street
Jefferson City, MO 65102

Missouri Attorney General Eric Schmitt
Supreme Court Building
207 W. High St.
P.O. Box 899
Jefferson City, MO 65102

Re:

IP 2020-125 Converting Missouri's "Medical Marijuana" Amendment 1 enacted in 2018 to include Recreational Marijuana
https://www.sos.mo.gov/CMSImages/Elections/Petitions/2020-125.pdf

and

IP 2020-126 Legalization of THC-containing recreational marijuana
https://www.sos.mo.gov/CMSImages/Elections/Petitions/2020-126.pdf

Dear Hon. Governor Parson, Nicole Galloway, Jay Ashcroft, and Eric Schmitt,

We are filing this document as formal comments for inclusion in the public record regarding the two Initiatives identified above.

This document provides a necessary estimate of the consequential costs **(CC)** that will by incurred if THC-containing marijuana (hereinafter referred to as "**psychoactive marijuana**" regardless of the reason for is use as a "medical" or "recreational" drug), is legalized in Missouri.

Preface and Recommendation Summary:

When other states legalized THC-containing marijuana, they only calculated the cost for implementing the new statute. They failed to foresee the necessity of evaluating fiscal impact of the *consequences* of legalization.

In other states, marijuana legalization was enacted expecting profits, when in fact massive losses to states, local jurisdictions, and businesses took place. These states are in jeopardy, unable to reverse legalization, unable to tax because of restrictions in the laws enacted, and stuck with massive costs.

In the short amount of time it is only possible to make a rough estimate the fiscal impact. There are thousands of state and local expenditures impacted by use of substances that impact mind and body for days, weeks, or years, and the abuse of those drugs.

We have many years of experience studying these problems and are in the best possible position to estimate these costs so the voters have some idea of the financial cost to the State.

We have an incontrovertible wealth of longitudinal facts from other states proving decisively that marijuana legalization will:

1. Greatly harm the general welfare of Missourians without providing any palpable benefit, and,

2. Create a large annual fiscal note comprised of a long list of proven fiscal consequences imposed on other states, local jurisdictions, and businesses in states legalized any form of psychoactive marijuana.

Finding:

We estimate the total CC fiscal note associated with the passage of the above to Initiatives would be a total annual fiscal note of approximately $2,818,214,740 annually to the state of Missouri and local governments.

Breakdown of costs:

> **$1,283,340,100** of the total is a baseline cost representing actual Colorado data adjusted for population.
>
> **$1,534,874,640** is our estimated "contingency" cost for 15 categories of known expenses that the Colorado study did not evaluate. These categories are evaluated later in this document and rationally estimated.
>
> It is not possible to do thorough research and numerical analysis of these items in just a few days, however, I do believe it is mandatory to express the likely magnitude of expense the Initiatives will incur.
>
> What we can supportably declare, based on my research and estimates below is "Fifteen complex line items cannot be accurately numerically evaluated, but **may** represent significant cost."

This amount will ramp up to the amount estimated within two to four years of passage, and elastically grow or shrink as use and abuse rates of psychoactive marijuana rise to levels we see in other states that legalized the use of any form of THC-containing marijuana.

Items Not included in the Cost Estimate:

1. There are longitudinal elements we are unable to estimate here, such as the potential cost to the state of younger Missourians who increasingly use or abuse substances in the "gig economy' employment environment where retirement plans and medical insurance are often not provided. So called "failure to launch" kids, who may have brain damage caused exposure before birth or use before the age of 24, may represent a large long-term cost liability to the State for medical, health, housing, and eventual indigency in old age.

2. We cannot estimate the costs to business in this document. We can say that the costs to business of legalization psychoactive marijuana will be high.

   Property, medical, and workman's compensation insurance rates will skyrocket. Workman's comp fraud and lawsuits will force many businesses to either close down, leave urban areas, or only hire self-insuring contractors.

   Costs for all businesses and government agencies that have to comply with OSHA will skyrocket. Pyschoactive marijuana impacts motor skills and judgement for at least one or two days or in some cases months after use. The bus driver who gets stoned on Saturday night is much more likely to have an accident on Monday morning, for example.

   If other states are a predictor, we will see all "brick and mortar" businesses, particularly larger businesses, hit with head taxes and "window taxes". These IP's bar the state from additional taxation of marijuana, so creative new taxes will be invented to pay for the consequential costs of drug use and abuse.

Recommendations:

1. If possible, we recommend that the Attorney General and/or the Secretary of State reject IP 2020-125 "Marijuana Legalization" and IP 2020-126, for the following reasons:

   a. The CC cannot be reasonably ascertained until a full cost study is performed, which is not possible short time period allowed in the context of the Initiative process.
   b. The legalization of psychoactive marijuana falls under the statutory authority of the Missouri Legislature, which has the authority and time to conduct a thorough fiscal impact study and allocate budgetary resources to fund those consequences, and
   c. The CC constitutes a large unfunded mandate on the State of Missouri for which there is no pressing constitutional justification for forcing on the State, local jurisdictions, and the taxpayers to bear, and
   d. These Initiatives deny the Legislature and local jurisdictions its statutory right to increase or enact new taxes on psychoactive marijuana to fund the associated CC at both state and local levels.
   e. These Initiatives may be unconstitutional as previously communicated to Governor Parsons, Attorney General Eric Schmitt, and the legislature.

2. If either ballot initiative is approved for the 2020 election cycle, we recommend that in addition to the implementation costs, the ballot state that "The consequential fiscal cost

of additional substance use and abuse to the state, local jurisdictions, and taxpayers is estimated to be $2,818,214,740 billion dollars annually".

This sum reflects costs to both state and local governments. Since these are state initiatives, the state should take responsibility, anticipate the expenditures, and be prepared to raise the funds to pay for the increase in problems that will arise in every jurisdiction. The most serious impacts will be seen in St. Louis, Kansas City, and perhaps Springfield. We should not abandon them to go bankrupt because of a state initiative.

This estimate may be slightly higher or lower depending on whether one or both Initiatives are enacted. The impact differential will be small because, in both cases, "recreational marijuana" is being fully legalized. Whether or not one has to get a card and a doctor's letter is merely procedural. In other states, medical marijuana quickly fell into disuse as soon as unrestricted "recreational marijuana" was legalized.

This may provide some incentive to reject these initiatives on the grounds they involve very large unfunded annual mandates that may also be unconstitutional. There is no rational basis for inserting possibly unconstitutional unfunded mandates into the Missouri Constitution when the initiatives contain no pressing strict-scrutiny civil rights concern requiring the state to fund the initiative.

The Fiscal Note Estimate:

1. **Components of the Fiscal Note Estimate:** The fiscal note must include:

   a. The costs for administratively implementing and managing legalization, and

   b. The costs the state will incur due to the "consequential costs" (CC) of marijuana legalization. CC includes all expenditures to the state and local jurisdictions due to increased **use and abuse** of psychoactive marijuana such as homelessness, medicare, high-school dropouts and youth drug gangs, interdiction and prosecution of illegal marijuana growing, environmental cleanup of illegal grows, sales and smuggling, crime, incarceration, police, violence, divorce and illegitimacy, mental health problems, violence shelters, illegal smuggling and illegal grows, OSHA-compliance, unemployment, and increased insurance costs for property, workman's comp, medical, and liability insurance. We cannot estimate those costs in this document. We must be aware that the actual costs of marijuana to all government agencies is much higher than the fiscal note estimate below, which applies only at the State level.

2. **Basis for Fiscal Note Estimate:**

   Our CC fiscal note estimate is based on actual CC financial data extracted from the State of Colorado and reports documenting the CC of the legalization of psychoactive marijuana. Colorado was the first state to legalize psychoactive marijuana. The longitudinal consequences are documented more thoroughly for Colorado than any other state.

3. **Baseline CC Fiscal Note Estimate: $1,283,340,100 annually.**

The Centennial Institute of the Colorado Christian University reports that Colorado is spending about $4.50 in costs to mitigate the effects of legalization for every $1 of tax revenue income. This baseline estimate does not include a large number of consequential expenses.

A. In 2018, the tax revenue for Marijuana in Colorado was $266,529,617.[1]
B. Therefore, the approximate fiscal note for downstream costs of marijuana legalization in Colorado for 2018 was approximately $4.50 * $266,529,617, for an estimate of $1,199,383,276.
C. The population of Colorado of individuals aged 10 and older is approximately 5,010,757.
D. The population of Missouri of individuals aged 10 and older is 5,375,792.
E. **Therefore, the baseline annual CC for psychoactive marijuana legalization in Missouri, adjusted for population, is $1,283,340,100.**

4. **Contingency Risk Factor Costs: $1,534,874,640.**

The following contingency multipliers, when applied to the baseline cost are a total contingency multiplier of 119.6%.

These factors are added because they are known cost factors not evaluated in the Colorado report:

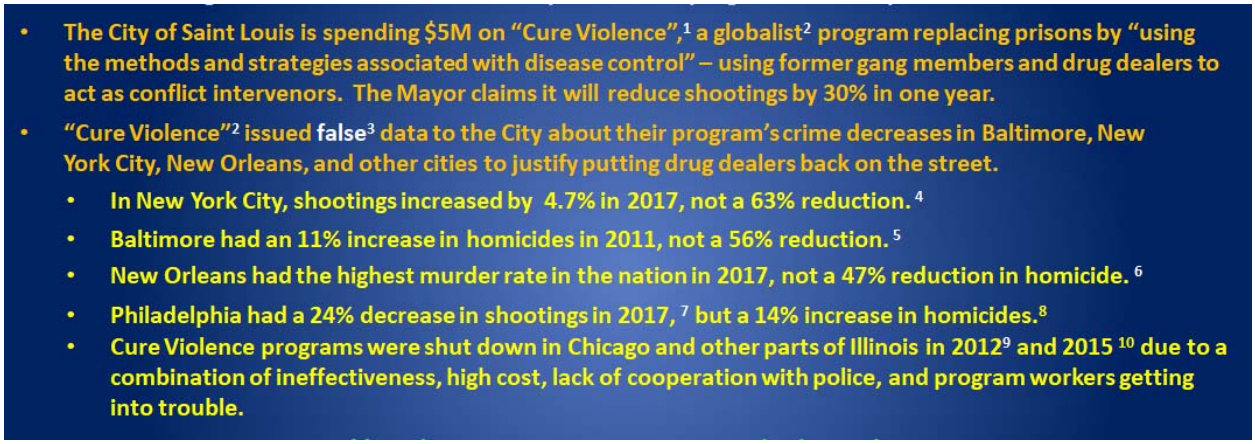
a. **(15%) CC contingency for extant drug abuse and violence problems:** Missouri and St. Louis are at high risk of fiscal and law-enforcement exposure to the consequences of marijuana legalization compared to Colorado:

- Missouri has the 3rd highest per-capita drug abuse rate in the nation before Psychoactive marijuana is legalized.[2]
- St. Louis had the highest STD rate in the nation.[3] (the prevalence of STD's is highly associated with substance abuse).
- St. Louis has the highest murder rate in the nation in 2017 [4] and was ranked the most dangerous city in America by CBS News.[5] (Gun violence is tightly linked to substance abuse and the drug trade[6]).

b. **(10%) Gang violence in St. Louis and Kansas City:** The problems of gang violence in St. Louis and secondarily in Kansas City will grow and become much more serious with the legalization of psychoactive marijuana. Gangs control the smuggling and sales of illegal drugs. In Colorado, about 2/3 of marijuana sales are by illegal drug dealers because their product is much less expensive than the highly-regulated, taxed retail stores. St. Louis recently announced it is spending $5-million on a "Cure Violence" program that is a proven failure in all other cities that it has

[1] https://www.colorado.gov/pacific/revenue/colorado-marijuana-tax-data
[2] https://wallethub.com/edu/drug-use-by-state/35150/
[3] https://www.stltoday.com/lifestyles/health-med-fit/st-louis-holds-top-spot-in-chlamydia-and-gonorrhea-stds/article_3f675a46-b330-5305-80db-82b4dd999b5e.html
[4] https://www.apnews.com/281f4f35c74b43d0aa111c2d898c3bf8
[5] https://www.cbsnews.com/pictures/the-most-dangerous-cities-in-america/50/
[6] https://www.stltoday.com/news/local/crime-and-courts/deadly-turn-study-shows-violent-crime-growing-deadlier-in-st/article_45e5d21f-1b38-5ada-8b04-e5eddb82ab3b.html

been implemented in. The State should be prepared to intervene. The screen capture below is by my organization Civitas Economic Engineering, documenting the fact that Cure Violence does not work:[7]



c. **(10%) CC baby boomer contingency:** There are a large number of baby boomers who have little savings and who use (or will use) psychoactive marijuana. According to the retirement institute, 45% of baby boomers have no retirement savings.[8] I estimate that at least 10% of them use psychoactive marijuana. This is attributable to the fact that baby boomers are the hippie culture, where marijuana use was and is still commonplace. Use of mood-altering substances over time does impact life, financial choices, and upward mobility negatively. Medical, housing, and other costs for caring for indigent elderly with aggressive mental health and memory issues may likely be a major expense to the state or local jurisdictions.

d. **(6%) Educational Remediation:** To pay for education remediation for marijuana-using school dropouts and disciplinary problems in public schools and universities. We are placing emphasis on this category because high-school dropouts are a very costly problem in Colorado.

e. **(10%) Long-term impact on (government and contractor) employee productivity**: This category includes lower production, rework, associated material and other costs, and legal expense. 15.2% of Coloradans are regular users of psychoactive marijuana. Efficiency, motivation, mistakes, rework, damage, and accidents are the consequence. 80% of Colorado marijuana users are not as active as indicated and have higher rates of medical problems, with medical expenditures of $54,833,218 in 2017.[9] Cost of cannabis use disorder in Colorado for 2017 was $31,448,908.[10] These kinds of costs may fall on the State or local jurisdictions for employees and indigents.

---

[7] Civitas Economic Engineering, "Proof that Substance Abuse is the Keystone Driver of Violence, Homelessness, Marriage-Absence, and Endless Crisis Spending, St. Louis, October, 2019.
[8] https://www.investopedia.com/articles/personal-finance/032216/are-we-baby-boomer-retirement-crisis.asp
[9] http://cdn-centennial.pressidium.com/centennial/wp-content/uploads/2018/11/Economic-and-Social-Costs-of-Legalized-Marijuana-CO.pdf, pg. 26
[10] http://cdn-centennial.pressidium.com/centennial/wp-content/uploads/2018/11/Economic-and-Social-Costs-of-Legalized-Marijuana-CO.pdf pf. 21.

f. **(0%) Medical care for indigents:** Depending on insurance and local policy, costs for marijuana-related expenditures itemized in (d.) may fall on the State or local jurisdictions. Please add a percent if you believe this is a factor in Missouri.

g. **(6%) Workplace accidents:**

h. **(5%) Gun and domestic violence:** Substance-abuse is highly correlated with gun violence (at least 50% of all cases) and domestic violence (at least 75% of all cases). This drives costs police, investigative, prosecution, shelter, riot control, property damage, and compliance with federal social justice mandates for the state and local jurisdictions.

i. **(10%) Marijuana-related crime outside St. Louis:** This may be a very large number considering the broad costs of interdiction, prosecution, imprisonment, property damage, murder, theft, . Colorado reports a severe shortage of funding for marijuana inspections, finding and cleaning up illegal grows, and dealing with marijuana DUI. Missouri is a major route for smuggling and distribution of drugs along interstates 40 and 44. If psychoactive marijuana is legalized we will see a lot more local marijuana being grown and smuggled to other states.

j. We are adding a contingency to assure enough resources are available to handle these problems.

k. **(3%) Marijuana-related hazardous environmental cleanups:** The Rocky Mountain HIDTA report shows that meth and other drug use is being replaced by marijuana use and abuse. Illegal grows in Colorado and other states are expensive to catch, requiring aerial surveillance. Environmental cleanup of toxic chemicals can be very costly. Since Missouri is a prime state for growing marijuana outdoors, and we have a lot of heavily forested areas, we predict that illegal growing on public lands and related cleanups will become a major problem.

l. **(5%) Property damage**: This estimates cost to repair property damage to public properties caused by substance abusers.

m. **(19%) Homelessness and Urban Cleanup**: There were 5,883 homeless adults in Missouri in 2018 while Colorado, a state with similar population had a homeless population of 10,857[11] despite approximately 350 anti-homeless laws enacted to combat fires, trash, crime, and tent cities.[12] In this chart, we see that states that legalized psychoactive marijuana years ago suffer from the highest homelessness rates regardless of weather conditions.

A 2008 survey by the United States Conference of Mayors asked 25 cities for their top three causes of homelessness. Substance abuse was the single largest cause of homelessness for single adults (reported by 68% of cities).[13]

[11] https://files.hudexchange.info/resources/documents/2018-AHAR-Part-1.pdf
[12] https://en.wikipedia.org/wiki/Homelessness_in_the_United_States_by_state
[13] National Coalition for the Homeless, "Substance Abuse and Homelessness"; July, 2009; https://www.nationalhomeless.org/factsheets/addiction.html

Following the legalization of psychoactive marijuana in 2012, Colorado experienced the third largest percent increase in homelessness nationally -13 percent between 2015 and 2016.[14]

Scott Lindsay, a consultant to the Mayor of Seattle, investigated the cases of about 100 homeless people in Seattle and found that 100% of them had a substance abuse problem. Over 2/3 have been arrested for theft this year. Retailers are hit hard by theft. [15]
States report that each homeless person costs the government up to $50,000 per year.[16] These are costs associated with arrest, prosecution, cleanup of homeless tent cities, medical, health and hospitalization, services, trash, fires, property damage, and human waste.

If Missouri's homeless rate grows the match Colorado's, which should be expected, it will add an additional cost burden of $248,700,000, or 19.1% of the baseline CC cost to state and local governments.

n. **(.6%) Costs of family breakup and non-marriage**: The annual cost to the state of Missouri for 19,187 divorces and 29,134 children born out of wedlock in 2017 is conservatively estimated to be about $1.7 Billion – (5.8% of Missouri's 2019 budget). (UMC Regional and Fiscal Studies, CDC). Substance abuse is a primary factor in family breakup and failure of unmarried cohabiting relationships.[17]

   With each instance of non-marriage costing the state about $20,000 annually, an 10% decrease in marriage rates and 10% increase in cohabitation or illegitimzy rates will cost the state $170,000,000 not including lost tax receipts that would have been paid if couples had not broken up. This amount is six-tenths of 1% of the baseline cost estimate.

o. **(20%) Miscellaneous costs to state and local governments**: There are hundreds of elastic line item costs to state and local jurisdictions that expand or shrink with the prevalence of substance use and abuse. Here is a short list of major categories, some of which are not listed above. The Auditor's office may wish to modify our estimate based on their understanding of other expenses that will be incurred, a short list of categories listed below:[18]

[14] https://www.colorado.gov/pacific/sites/default/files/PSD_SDOH_Homelessness_long.pdf
[15] https://www.seattlebusinessmag.com/editors-note/conflating-seattle-street-crime-homeless-wont-solve-either-problem
[16] https://www.adn.com/alaska-news/anchorage/2018/05/02/anchorages-hardest-to-house-homeless-cost-50000-a-year-on-the-street-could-that-money-be-better-spent/
[17] https://drugabuse.com/guide-for-families/addiction-hurts-relationships/, https://www.psychologytoday.com/us/blog/contemplating-divorce/201109/so-youre-married-addict-is-divorce-inevitable,
[18] Civitas Economic Engineering, "Proof that Substance Abuse is the Keystone Driver of Violence, Homelessness, Marriage-Absence, and Endless Crisis Spending, St. Louis, October, 2019.

- Mass shootings (at least 80% correlation)
- Homelessness (nearly 100% correlation)
- Domestic Violence (at least 75% correlation)
- Gun Violence (at least 50% correlation)
- Car, Construction, Work, Other Accidents
- Crime, Property damage, related costs
- High medical, property, accident insurance
- High divorce, illegitimacy, related costs
- Lifelong debilitating mental and physical problems and longitudinal costs (all ages)
- Child Abuse and Neglect
- Educational failure
- "Failure to Launch" permanently-dependent adult children
- Permanent brain damage to children under age 24 caused by marijuana and other drugs
- Suicide by adults and children (600% higher)
- Long-term poverty for women and children
- **Double Governmental Jeopardy: Loss of tax income coupled with compounding demand spending**

Submitted Respectfully,

David R. Usher
Civitas Economic Engineering
1381 Mirandy Drive
Saint Louis, MO 63146
314 624-3455

ADDENDUM:

The following pages are included to provide additional research, facts, information and citations of authorities the auditor's staff may wish to use to adjust or verify our estimation.

Unconstitutionality Of Legalizing Psychoactive Marijuana

We believe it is within the jurisdiction of the Attorney General and perhaps the Secretary of State to reject the above constitutional initiatives to protect the Constitution of the State of Missouri from being suborned by provisions detrimental to the purpose of Constitutional government and the general welfare of the Citizens of the State of Missouri.

> **Cite:** Article 1 Section 2 of the Missouri Constitution requires the state to serve the general welfare of the Citizens. The idea that the state should go into business making money selling drugs that drive violence, homelessness, divorce, and poverty fully opposes the purpose of Constitutional government in the State of Missouri:
>
> Promotion of general welfare--natural rights of persons--equality under the law--purpose of government.
>
> Section 2. That all constitutional government is intended to promote the general welfare of the people; that all persons have a natural right to life, liberty, the pursuit of happiness and the enjoyment of the gains of their own industry; that all persons are created equal and are entitled to equal rights and opportunity under the law; that to give security to these things is the principal office of government, and that when government does not confer this security, it fails in its chief design.
>
> Source: Const. of 1875, Art. II, § 4.

A large body of data exists documenting the consequences of legalizing marijuana over the past 12 years in other states and by the federal government, herein cited below.

This easily-obtained body of publicly-accessible documentation provides incontrovertible and convincing evidence that the legalization of marijuana containing a primary ingredient of THC causes great Harms to the general welfare of the people. It causes many social, economic, and legal consequences, resulting in crushing costs and legal dilemmas to the state, local jurisdictions, businesses, and individuals. It is not possible to reverse these consequences and equitably correct the Harms regardless of crisis-management expense by the State and local governments.

We suggest that the Attorney General has a duty to *protect* the Missouri Constitution by rejecting any Constitutional Amendment Initiative containing language that offends, controverts, opposes, or violates settled law principles set forth in the Missouri Constitution.

We state that the form of IP 2020-125 Section 2.1 is deceptive and must be rejected in the absence of evidence from proponents proving that their claims regarding very positive impact of the Initiative are in fact true and accurate

.

We have a large body of studies, reports, and longitudinal data from other states that legalized psychoactive marijuana for "medicinal" or recreational purposes proving that the statements contained in IP 2020-125 Section 2.2 "Purpose" are false and deceptive.

The White House Office of National Drug Control Policy (ONDCP)[19] has issued The Rocky Mountain High Intensity Drug Trafficking Area Report [20], an extensive series of longitudinal reports spanning 23 years tracking marijuana use and abuse in Colorado, Montana, Utah, and Wyoming since 1996. The ONDCP uniformly reports harm to citizens who use marijuana and finds no salutary benefits worthy of Constitutional protection or recognition.

I am available to consult and testify to the facts below on behalf of the Citizens of the State of Missouri and/or as an advisor to the Missouri Attorney General's Office as a Subject Matter Expert on marijuana legalization

We find both of the above Initiatives invalid. The intent stated in the language of **Section 2.1. "Purpose"** is opposite of the actual effect the Constitutional Amendment will impose on the Citizens of the State of Missouri:

Section 2. Marijuana Legalization, Regulation, and Taxation

1. Purpose.

The purpose of this section is to make marijuana legal under state and local law for adults twenty-one years of age or older, and to control the commercial production and distribution of marijuana under a system that licenses, regulates, and taxes the businesses involved while protecting public health. The intent is to prevent arrest and penalty for personal possession and cultivation of limited amounts of marijuana by adults twenty-one years of age or older; remove the commercial production and distribution of marijuana from the illicit market; prevent revenue generated from commerce in marijuana from going to criminal enterprises; prevent the distribution of marijuana to persons under twenty-one years of age; prevent the diversion of marijuana to illicit markets; protect health by ensuring the safety of marijuana and products containing marijuana; and ensure the security of marijuana facilities. To the fullest extent possible, this section shall be interpreted in accordance with the purpose and intent set forth in this section.

13

The Policy Impact of both Initiatives:

1. **THC vs. CBD: Fraudulent misrepresentation of fact by omission.**

    a. The Definitions, Section 2. (6) on both Initiatives do not state that "recreational marijuana" containing THC is being legalized. The initiative uses scientific plant names that that the average person does not understand. Marijuana is defined deceptively as any form of marijuana not containing CBD. Many voters will not understand that this Initiative legalizes recreational psychoactive marijuana with no proven medical advantages over CBD, but is bred to get people very "high".

[19] https://www.whitehouse.gov/ondcp/
[20] https://rmhidta.org/default.aspx?act=documents2.aspx&DocumentCategoryID=27&AspxAutoDetectCookieSupport=1

(6) "Marijuana" means *cannabis indica*, *cannabis sativa*, and *cannabis ruderalis*, hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana or cannabis, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" does not include industrial hemp including any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not with a delta-9 tetrahydrocannabinol concentration of not more than three-tenths of one percent on a dry weight basis, or commodities or products manufactured with industrial hemp, or any other ingredient combined with marijuana or marijuana to prepare topical or oral administrations, food, drink, or other products.

b. Marijuana grown for "recreational" use is specifically bred to reduce CBD content to near-zero because CBD kills the "high" caused by THC. Therefore, we can decisively state that psychoactive marijuana is genetically bred and engineered to get people "high", not to provide medical benefits that do not put the patient at risk for car accidents, paranoia, hallucinations, suicide, or addiction.

c. Medical uses for CBD (cannabiol) legalized under the trade name Epidiolex are well-documented and understood. CBD provides the medical properties that are medically beneficial without the "high" caused by THC. There is no harm to citizens and no consequential costs to the state by the legalization of CBD-based products. The Missouri legislature enacted law in 2018 legalizing farming of marijuana plants genetically hybridized to produce CBD with little or no THC in the plant.

d. There are no proven **additional** medical benefits of psychoactive marijuana over what is provided by CBD.[21] Proponents of recreational marijuana flooded the internet and media with anectdotal claims that pmarijuana might be beneficial for sleep disorders, morning sickness, pain, and other ailments, but there is no peer-reviewed medical testing or evidence that THC does anything more than get people "high". Studies do say that, if anything, recreational marijuana only delays pain.

CBD vs. THC: Medical benefits

CBD and THC have many of the same medical benefits. They can provide relief from several of the same conditions. However, CBD doesn't cause the euphoric effects that occur with THC. Some people may prefer to use CBD because of the lack of this side effect.

In June 2018, the Food and Drug Administration approved Epidiolex, the first prescription medication to contain CBD. It's used to treat rare, difficult-to-control forms of epilepsy.

2. **<u>Health Consequences of Psychoactive Marijuana</u>:**

It is impossible for licensure, regulation, or taxation of marijuana to "protect public health". Legalizing a destructive recreational drug increases documented Harm to citizens and the state.

The health consequences and costs to the state making recreational use and abuse of psychoactive marijuana a constitutional right are not disclosed in the Initiative.

[21] https://www.healthline.com/health/cbd-vs-thc#medical-benefits

"Public health" includes the physical, emotional, mental, financial, employability, and health care costs imposed on individuals.

a. Marijuana is a drug that even in the best of situations is a primary driver of domestic, violence, gun violence, mass violence, school failure, homelessness, mental health problems, divorce, crime, and employment problems. THC causes permanent brain damage in individuals under age 24 and the unborn, and is an incontrovertible medical threat to public health.
b. Psychoactive marijuana harms public health no matter whether it is inhaled, smoked, or ingested. Peer-reviewed studies prove there are few, if any benefits of marijuana or THC on the human body. It is an addictive, mood-altering chemical used for getting high. It is classified as a Class-1 drug alongside heroin, lysergic acid diethylamide (LSD), marijuana (cannabis), 3,4-methylenedioxymethamphetamine (ecstasy), methaqualone, and peyote

- Proponents of psychoactive marijuana claim many possible medicinal benefits but none have been found medically effective or safe, and none are undergoing approved by the FDA.
- Marijuana causes amotivational syndrome, psychosis, acute psychosis, schizophrenia, tachycardia, postural hypotension, cyclic vomiting syndrome, attention impairment, hypotension, panic, anxiety, myoclonic jerking/hyperkinesis, delirium, respiratory depression, ataxia, and conjunctivitis.[22] Half of young adults in Massachusetts report using marijuana.[23] Marijuana smoke is significantly more damaging to heart, lungs, and circulatory system than cigarette smoke.[24]
- In school, marijuana-exposed children are more likely to show gaps in problem-solving skills, memory, the ability to remain attentive, low birth weight, and decreased motor development.[25] MRI scans confirm damage to the prefrontal cortex[26].
- Trying marijuana by age 15 doubles the risk of addiction.[27] Marijuana is a mixer drug. 60% of Marijuana users also misuse illegal and prescription drugs.[28]
- A noted large-group controlled study by Harvard psycho-biologist Dr. Bertha Madras, analyzing 65,454 brain scans from 31,227 people age 9 months to 105 years proved that marijuana cuts blood flow (and ages brains) similarly to bipolar disorder, ADHD, and schizophrenia.[29] Reduced blood flow is also linked to dementia and stroke.

[22] https://www.ncbi.nlm.nih.gov/books/NBK430823/
[23] http://dailycaller.com/2018/08/03/us-pot-capital-massachusetts/
[24] https://www.nhs.uk/news/cancer/smoking-cannabis-worse-than-tobacco/
[25] https://www.drugabuse.gov/publications/research-reports/marijuana/can-marijuana-use-during-pregnancy-harm-baby
[26] http://www.dailymail.co.uk/health/article-3651255/How-pot-harms-baby-s-brain-Smoking-cannabis-pregnancy-impairs-memory-decision-making-personality.html
[27] http://www.dailymail.co.uk/health/article-5754165/Teens-try-marijuana-age-15-TWICE-likely-develop-addiction.html

[28] https://www.breitbart.com/news/study-medical-marijuana-users-likely-to-use-other-drugs/
[29] http://www.dailymail.co.uk/health/article-6086073/Smoking-cannabis-ages-brain-average-2-8-YEARS.html

- In youth, marijuana causes depression, functional problems, and educational failure.[30] Colorado's youth marijuana usage rate 74% higher than the national average[31] because it is seen as "safe" because it is legal.
- Pot advocates teach people to believe it is safe to drive stoned[32] when in fact it is dangerous.[33]
- With marijuana being a "multiplier drug" enhancing the effects of alcohol,[34] many individuals drive when they are drunk *and* stoned, resulting in many more deaths.[35] Driving drunk and stoned doubles the driving risk.[36]
- Colorado's noted Colorado Christian University Centennial Institute found that marijuana legalization resulted in great economic, social, physical losses to the State of Colorado and its Citizens: [37]
    - **For every dollar gained in tax revenue, Coloradans spent approximately $4.50 to mitigate the effects of legalization.**
    - **The cost of DUI's for people who tested positive for marijuana in 2016 was over $25-million.**
    - **Costs related to the healthcare system and from high school drop-outs are the largest cost contributors.**
    - Like tobacco, commercial marijuana is likely to have health consequences that we won't be able to determine for decades.
    - 69% of marijuana users say they have driven under the influence of marijuana at least once, and 27% admit to driving under the influence on a daily basis.
    - Research does suggest that long-term marijuana use may lead to reduced cognitive ability, particularly in people who begin using it before they turn 18.
    - Adult marijuana users generally have lower educational attainment than non-users
    - The marijuana industry used enough electricity to power 32,355 homes in 2016
- Marijuana "normalization" results in state-sponsored child abuse and neglect. Abuse of any drug results in profound impact to children. here many proven stories of adults getting babies[38] or children[39] stoned, abusing them, neglecting them, babies born "high", children being raised in marijuana "grow" operations, and leaving marijuana where children can use it.
- When entire urban areas reek of pot,[40] we know that marijuana addiction is a seminal public safety and health problem.[41]

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[30] http://www.dailymail.co.uk/health/article-4728102/Increasing-marijuana-use-age-linked-depression.html
[31] https://amp.usatoday.com/amp/536010001
[32] https://melmagazine.com/where-were-at-with-driving-while-stoned-6d44ffe9cf52
[33] https://www.usatoday.com/story/opinion/2018/01/01/drugged-driving-marijuana-dangerous-take-seriously-kyle-clark-column/990398001/
[34] https://www.youtube.com/watch?v=zTeaOTkjut0
[35] https://keprtv.com/news/local/driving-drunk-and-stoned-alarming-new-trend-killing-hundreds-on-wash-highways
[36] https://www.promises.com/articles/substance-abuse/drunk-stoned-behind-wheel-double-driving-risk/
[37] http://www.ccu.edu/centennial/policy-briefs/marijuana-costs/
[38] https://www.cnn.com/2016/09/23/health/child-marijuana-video-trnd/index.html
[39] https://www.dailymail.co.uk/news/article-6140523/Parents-rage-videos-showing-babysitters-abusing-nine-year-old-son-Syndrome.html
[40] https://www.bostonglobe.com/lifestyle/style/2017/07/04/you-love-smell-marijuana-morning/VWnegTgDNDdNJGHlFM6QcP/story.html

- The Colorado School of Public Health[42] study recognized that children are being "prescribed" psychoactive marijuana in Colorado and that parents use pot as a "parenting tool" to calm themselves (p. 33).[43]
- The American Academy of Child and Adolescent Psychiatry formally opposes marijuana legalization.[44]

3. **Homelessness:**

   Marijuana and abuse of other drugs drives the tragic and very expensive homelessness crisis. Marijuana is the most commonly abused drug by the homeless.

   - The correlation between substance abuse and homelessness is nearly 100% because nobody dares to help a drug abuser by letting them move into their home.
   - San Francisco is spending $280-million annually on homelessness[45] — over $37,000 per person – not including another $65-million on street cleanup[46] – for a total of $345-million in expenses for just one city
   - Orange County is spending nearly $300-million[47] on homelessness.
   - Los Angeles County is spending $1-billion annually on homelessness[48] with no end in sight.

4. **Expansion of the Illicit marijuana Market: cultivation, smuggling, interdiction, arrests, and prosecutions**

   IP 2020-125 Section 1. Purpose does not accurately state the purpose of the Initiative. There is no body of documentation proving the theories stated are anything other than theories.

   We have in our possession abundant documentation proving that the statements made in Section 1. Purpose are undocumented theories or marketing language that are 180-degree opposite of what marijuana legalization caused in all other states.

   The benefits asserted are entirely false, unproven, and controverted by abundant historical documented proof about the consequences of marijuana legalization in all other states we have studied.

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[41] https://www.washingtonpost.com/lifestyle/style/its-summer-and-washington-smells-like-weed-everywhere-all-the-time/2017/07/03/10d3461a-578a-11e7-b38e-35fd8e0c288f_story.html?utm_term=.ce5c714165fa

[42] http://www.ucdenver.edu/academics/colleges/PublicHealth/Academics/departments/HealthSystems/Research/Documents/MJ%20CW%20HIA%20Final%20Report%2011.3.2016.pdf

[43] http://www.ucdenver.edu/academics/colleges/PublicHealth/Academics/departments/HealthSystems/Research/Documents/MJ%20CW%20HIA%20Final%20Report%2011.3.2016.pdf

[44] https://www.aacap.org/AACAP/Policy_Statements/2012/AACAP_Medical_Marijuana_Policy_Statement.aspx

[45] https://www.nbcbayarea.com/news/local/SF-Mayor-Theres-more-feces-on-the-sidewalks-than-Ive-ever-seen-488156431.html

[46] https://www.nbcbayarea.com/news/local/SF-Mayor-Theres-more-feces-on-the-sidewalks-than-Ive-ever-seen-488156431.html

[47] https://www.ocregister.com/2017/03/08/price-tag-of-homelessness-in-orange-county-is-nearly-300-million-uci-study-finds/

[48] http://www.latimes.com/local/lanow/la-me-county-homelessness-spending-20160205-story.html

Where the Purposes stated are a gross misrepresentation of documented facts, with massive fiscal costs to the State and local jurisdictions intentionally concealed, we urge the Secretary of State and the Attorney General to reject IP 2020-125 on the grounds that an accurate Fiscal note is impossible to estimate until a longitudinal cost study is done a Big Four accounting firm.

We suggest that if recreational marijuana is to be legalized, it should be done by the Missouri Legislature which is in the statutory position to conduct appropriate cost and impact, and budget studies before passing legislation:

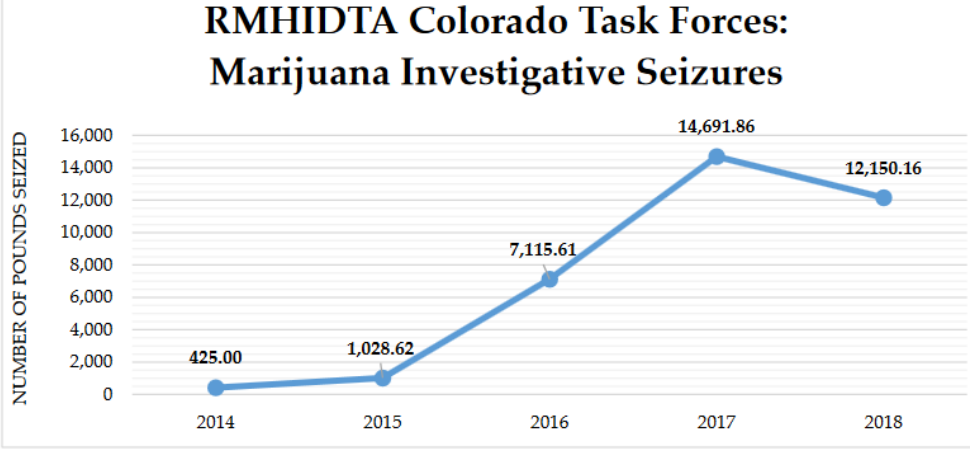
A. Legalization of recreational marijuana does not "remove (or reduce} **the commercial production and distribution, of marijuana from the illicit market". The illicit market and costs to the state expand precipitously with legalization of recreational marijuana.**

- Illegal pot is now commonly grown in state parks in California, Colorado, Washington, and other states with great damage done to the environment due to noxious chemicals going into waterways. Interdiction is expensive and underfunded. There are many articles about this we can provide to prove this fact. [49] [50] [51]
- Approximately 10% of low income housing in Colorado has been destroyed by illegal growers who rent cheap houses to grow pot, which then have to be torn down because of mold and toxic chemicals. This decreases housing available to low-income citizens and effectively makes them homeless. There are many news stories and police testimony documenting this fact. [52] [53] [54]
- Los Angeles recently charged over 500 people running illegal pot businesses.[55]
- Seizures of black market marijuana in Colorado increased 1042% since recreational marijuana was legalized.[56]

  - Seizures of Colorado marijuana in the U.S. mail system has **increased 1,042 percent** from an average of 52 parcels (2009-2012) to an average of 594 parcels (2013-2017) during the time recreational marijuana has been legal.

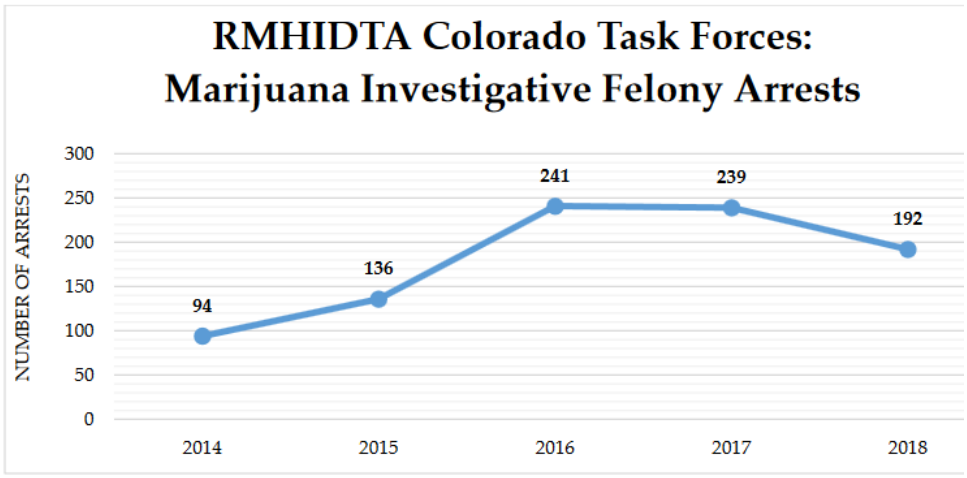
- The number of seizures of illegally-grown marijuana increased 2800% since the legalization of recreational marijuana in Colorado.[57]

[49] https://www.theatlantic.com/science/archive/2017/03/backcountry-drug-war/521352/
[50] https://e360.yale.edu/features/the_high_environmental_cost_of_illicit_marijuana_cultivation
[51] https://www.sciencedaily.com/releases/2017/02/170221081736.htm
[52] https://www.westword.com/marijuana/colorado-springs-police-continue-comparisons-of-marijuana-home-grows-to-meth-houses-9900178
[53] https://www.nytimes.com/2019/04/27/us/marijuana-california-legalization.html
[54] https://www.denverpost.com/2017/07/31/marijuana-leaving-colorado-homes-mold/
[55] https://www.sacbee.com/latest-news/article218010230.html
[56] http://msani.org/wp-content/uploads/2019/09/The-Legalization-of-Marijuana-in-Colo.The-Impact.-Volume-6.pdf; pg. 49
[57] http://msani.org/wp-content/uploads/2019/09/The-Legalization-of-Marijuana-in-Colo.The-Impact.-Volume-6.pdf, page 51



SOURCE: Rocky Mountain HIDTA Performance Management Process (PMP) Data

- The number of felony arrests for marijuana increased by 208% in Colorado from 2014 to 2018 after recreational marijuana was legalized:[58]

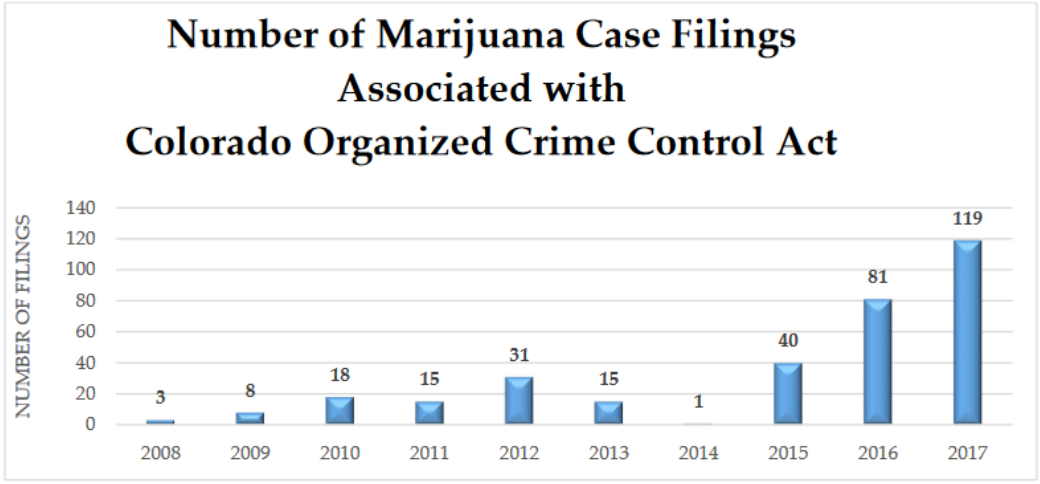


SOURCE: Rocky Mountain HIDTA Performance Management Process (PMP) Data

- The number of case filings under the Colorado Organized Crime Control Act increased 11,900% since recreational marijuana was legalized in 2014:[59]

[58] http://msani.org/wp-content/uploads/2019/09/The-Legalization-of-Marijuana-in-Colo.The-Impact.-Volume-6.pdf, pg 52.
[59] http://msani.org/wp-content/uploads/2019/09/The-Legalization-of-Marijuana-in-Colo.The-Impact.-Volume-6.pdf pg 52

Colorado Organized Crime Control Act Filings



SOURCE: Colorado Department of Public Safety, Division of Criminal Justice, Office of Research and Statistics

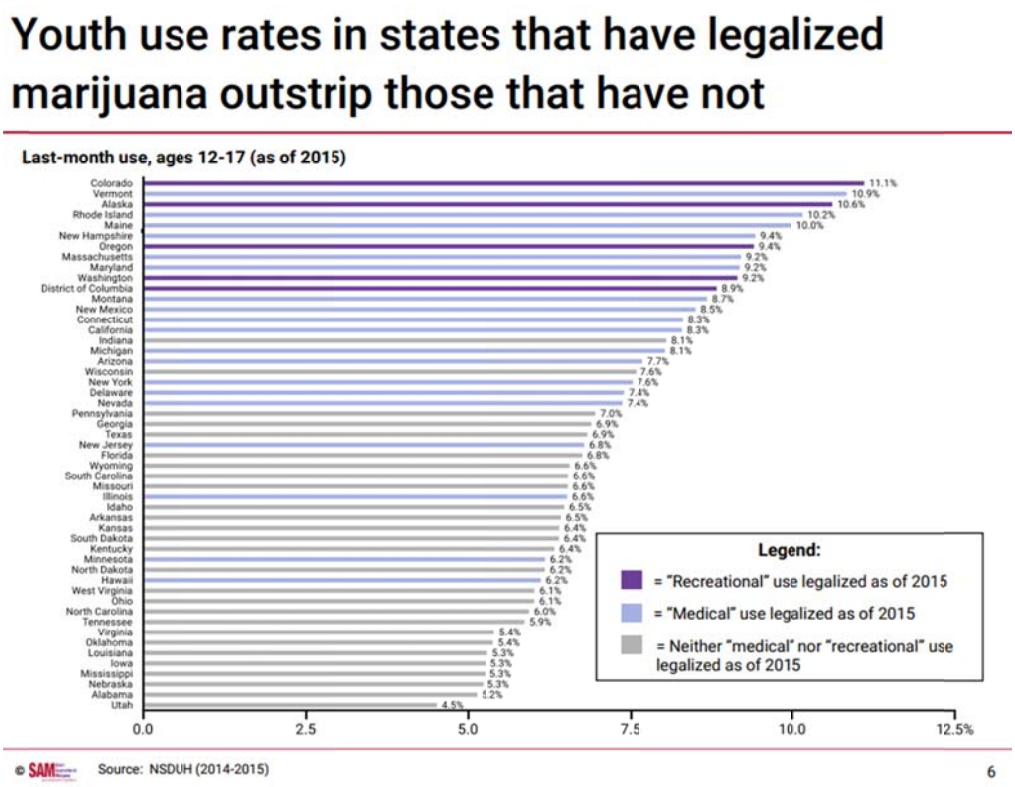
- Colorado Organized Crime Control Act (COCCA) filings are conspiracy cases in which there is potential for a larger sentence than other types of drug filings.

B. Distribution of marijuana to minors will increase

These Initiatives will not prevent the distribution of marijuana to persons under twenty-one years of age. Marijuana use by youths age 12-17 and a variety of consequential mental health problems increased precipitously in states that legalized either "medical" or "recreational" marijuana according to the National Survey on Drug Abuse and Health (NSDUH)[60] administered by the federal Substance Abuse and Mental Health Services Administration (SAMSHA).

- Substance abuse rates are as much as 244% higher in states that legalized any form of psychoactive marijuana. There is no data proving a decrease in substance abuse by young adults in states that legalized any form of psychoactive marijuana. The structure of this IP contains no policy different from other states that would result in a decrease of distribution marijuana to persons under age 21:[61]

[60] https://nsduhweb.rti.org/respweb/homepage.cfm; https://www.samhsa.gov/data/sites/default/files/NSDUH-FFR1-2016/NSDUH-FFR1-2016.pdf
[61] https://learnaboutsam.org/wp-content/uploads/2017/04/MMJgraph.png



o From 2009 to 2017, ingestion of marijuana by youth increased an mean average of 27% per year in states that legalized any form of psychoactive marijuana:[62]

Children Ingesting Marijuana Increase after Legalization of Marijuana

From January 2000 through June 2017 there were nearly 3,000 ingestions of marijuana by children younger than six. Over 70% of those ingestions were by children under the age of 3 and more than half received some form of hospital-based care. Symptoms in the children ranged from drowsiness and confusion to seizures and coma. Before 2009 there was no significant change in either the number or rate of marijuana ingestions, however from 2009 to 2017 the mean annual increase was 27% per year rising to 742 ingestions per year. Over 70% of those ingestions occurred in states with legalized marijuana.

SOURCE: **Wang, Sam. (2019). *Study shows increase in ingestions of marijuana by children in U.S.* Nationwide Children's Hospital.**

C. Revenue to criminal enterprises will increase

Both initiatives will increase the revenue generated by illicit marijuana going to criminal enterprises. The IP will increase the diversion of marijuana to illegal enterprises and create a new shadow street market based on back-door sales by licensed growers and sales outlets. Every state that legalized "recreational" (sometimes called medical) marijuana has seen significant increases in criminal illegal cultivation, smuggling, interdiction, arrests, and prosecutions.

[62] http://msani.org/wp-content/uploads/2019/09/The-Legalization-of-Marijuana-in-Colo.The-Impact.-Volume-6.pdf; pg 48.

These initiatives will not decrease revenue to illicit markets. Illegal marijuana growing, distribution, smuggling, and importation has been proven to be stimulated by marijuana legalization. This drives increases in violent crime, and does not decrease criminal prosecutions for illegal marijuana growing, sales, and production.

- When marijuana is legalized, the market size for marijuana increases exponentially. This drives increases in local illegal growing and importation from Mexico.
- Interdictions of illegal product actually increase and there are actually more arrests for illegal growing. Over 400 polluted grow sites exist in California[63] in public forests.
- Illegal marijuana costs much less than state-approved marijuana – causing a new and very large black market to appear that is difficult to interdict because the state cannot prosecute without proving that the pot is illegal.
- In Colorado, legal stores are selling only about 1/3 of the product they anticipated. Licensed growers end up selling overproduction on the black market to keep from going bankrupt. *Licensing does not encourage above-board commercial activity. It is driving major expansions of illicit activity that are much more profitable for marijuana business people.*
- At least half of all gun violence is caused by individuals who test positive for illegal drugs at the time of arrest. Marijuana is the most common drug involved in gun violence.[64]
- 76% of domestic violence involves an offender using drugs or alcohol at the time of the offense. (*Ibid., 25)*
- In Washington State, legal production is 300% of sales demand,[65] and prices for "regulated" pot are half of black market prices. So growers are illegally exporting large quantities of pot to non-marijuana states.
- Increasingly violent drug wars in Chicago are a direct consequence of Illinois' marijuana legalization in 2013 with an additional Cook County ballot approval in June, 2018.[66]
- Cartels are buying many inexpensive homes and turning them into marijuana farms[67] to the destruction of community, environment, and real estate markets. In Colorado and California,
- Pot shops are losing a lot of "business" to bootleg weed.[68]
- The "litany of conflicts created by [the paradigm shift of] legal marijuana" have made policing and enforcement expensive, laborious, and difficult.[69]

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[63] https://www.usda.gov/media/blog/2017/08/21/cleaning-illegal-marijuana-grow-sites
[64] BJS, "Alcohol and Crime", (1998) http://bjs.ojp.usdoj.gov/index.cfm?ty=pbdetail&iid=385
[65] https://mjbizdaily.com/washington-state-cannabis-supply-hits-new-low-spurs-calls-change/
[66] http://www.dailymail.co.uk/news/article-6045581/Thats-bad-leadership-Trump-says-theres-no-reason-million-years-people.html
[67] https://www.nbcnews.com/news/us-news/foreign-cartels-embrace-home-grown-marijuana-pot-legal-states-n875666
[68] https://www.usnews.com/news/best-states/california/articles/2018-07-05/illegal-marijuana-market-still-thrives-in-los-angeles?int=undefined-rec
[69] https://www.washingtonpost.com/news/wonk/wp/2017/06/26/legalized-marijuana-is-making-it-harder-for-police-to-search-your-car/

D. FISCAL NOTE:

- **The Fiscal note in the Initiative estimates only administrative costs for implementing the Initiative. Other states failed to estimate the consequential costs and are facing budgetary and social disaster. Missouri must fully understand the costs to the state before approving any Initiative to legalize recreational marijuana.**
- **The costs for interdiction, enforcement, interdiction, environmental damage, gang violence, mass shootings, longitudinal costs for kids who fail in school, mental health problems, divorce, illegitimacy, homelessness, and other problems caused by substance use and abuse will increase significantly and must be estimated in the Fiscal note. Front-line costs to local jurisdictions, who are immediately impacted, must also be estimated so the voters know what they are voting on. I very roughly estimate we are looking at well over $4 billion in costs to the State annually.**

E. Public Safety: IP 2020-125 will result in much higher rates of traffic fatalities, serious environmental risks.

- Pot advocates teach people to believe it is safe to drive stoned[70] when in fact it is dangerous.[71] As we might expect, drugged driving is now the leading cause of traffic deaths.[72]
- In Denver and at least 9 other American cities, laws banning the smoking of marijuana publicly are broadly ignored. Los Angeles just charged over 500 people running illegal pot businesses. Marijuana is being illegally grown in plain sight.
- Illegal grows on public lands are out of control and result in costly, dangerous environmental cleanups. [73]
- The stench[74] of both legal and illegal marijuana farming and its widepread use[75] are driving community disagreement[76] and property value loss.
- Misuse of fertilizer and herbicides poisons public lands, waterways, and kills animals.[77]

[70] https://melmagazine.com/where-were-at-with-driving-while-stoned-6d44ffe9cf52
[71] https://www.usatoday.com/story/opinion/2018/01/01/drugged-driving-marijuana-dangerous-take-seriously-kyle-clark-column/990398001/
[72] https://www.cnn.com/2017/04/27/health/drugged-driving-death-rates-report/index.html
[73] https://www.reuters.com/article/us-usa-marijuana-environment/toxic-waste-from-u-s-pot-farms-alarms-experts-idUSKBN1AM0C3
[74] http://www.bostonherald.com/business/business_markets/2018/05/pot_farm_neighbors_air_grievances_about_stench
[75] https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=5&ved=2ahUKEwixqvi4lu_cAhVBQKwKHVe4A0UQFjAEegQIBxAB&url=https%3A%2F%2Fthefreshtoast.com%2Fcannabis%2Fwhats-that-smell-two-big-east-coast-papers-ask-the-big-question%2F&usg=AOvVaw37uL5VPBvPSczIk86pmMb2
[76] https://www.independent.co.uk/news/world/americas/california-marijuana-crops-smell-skunk-cannabis-carpinteria-a8344451.html
[77] https://www.usnews.com/news/us/articles/2017-09-08/banned-pesticides-from-illegal-pot-farms-seep-into-california-water

F. IP 2020-125 will not "protect health by ensuring the safety of marijuana and products containing marijuana". It will magnify and exacerbate existing health consequences of marijuana use and abuse.

- Psychoactive marijuana will never be a "safe drug". Its effects on individuals are almost entirely harmful with the impact to brain and motor functions extending days or weeks after use.
- THC causes permanent brain damage in individuals under age 24.
- THC causes paranoia and anxiety in many individuals.
- Cannabis-related deaths increased in Colorado by 66% after marijuana was legalized.[78]
- A highlighted 2017 CDOT survey found that 55% of marijuana users surveyed drove a vehicle within two hours of smoking pot with only 32% believing they were "safe to drive". [79]
- Violent crime increased by 40% in Denver since "medical marijuana" was "legalized"[80]
- Violent juvenile crime in Denver was up 11% between 2013 and 2015.[81]
- Chronic homelessness in Denver is at a 10-year high in 2017 [82] (homelessness began increasing as soon as "medical marijuana" was legalized in Colorado in 2008).
- Colorado had a 24% increase — the nation's largest increase — in homeless veterans, at a time when Veteran homelessness is declining nationally.[83]
- Homelessness grew exponentially in every state that legalized psychoactive marijuana. Domestic violence, gun violence, health care crises grew substantially in every state that legalized psychoactive marijuana.
- The problem of illegal street marijuana is so bad that in Colorado cities are forcing growers to spray junk DNA on their product so the State can identify legal vs illegal marijuana. This adds expense for both growers and the state (DNA tests are very expensive) – making legal marijuana even more uncompetitive against street marijuana. **Dangerous Health Risk:** The strains of custom junk DNA used for tracing grower identity have not been FDA tested or approved – creating a potentially serious public health risk that has not been tested or approved by the FDA.
- The KOMO News Special: Seattle is Dying[84] documented and proved that substance abuse – led by marijuana use – is driving a massive homelessness problem in Seattle. They are pushing for mandatory substance abuse treatment in prisons.

G. Marijuana legalization drives significant increases in youth educational, addiction, and school failure.

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[78] http://www.dailymail.co.uk/health/article-4971644/Cannabis-linked-66-rise-traffic-deaths-Colorado.html
[79] https://www.codot.gov/business/budget/cdot-budget/current-budget-documents/fy-2017-18-cdot-proposed-legislative-budget/at_download/file
[80] https://denverite.com/2017/07/03/chronic-homelessness-ten-year-high-metro-denver-heres-citys/
[81] https://www.thedenverchannel.com/news/locViolent juvenile crime was up 11% between 2013 and 2015. al-news/violent-juvenile-crime-on-the-rise-parents-recommended-to-take-action
[82] https://denverite.com/2017/07/03/chronic-homelessness-ten-year-high-metro-denver-heres-citys/
[83] https://www.denverpost.com/2016/11/18/colorado-spike-homeless-veterans/
[84] https://komonews.com/news/local/komo-news-special-seattle-is-dying

- In individuals under age 24, marijuana causes depression, functional problems, and educational failure.[85]
- Colorado's youth marijuana usage rate 74% higher than the national average[86] because it is seen as "safe" because it is legal.
- Rhode Island, which legalized medicinal use, tops the list for use by 12-17 year olds with rates 55% higher than the national average and 82% higher than Idaho (where marijuana is not legal). The percentage of youth aged 12-17 in Alaska that reported past month marijuana use is 80% higher than Idaho youth.[87]

H. Unconstitutional Overreach:

- IP 2020-125 Section 6.(2).(c).(iii) publicly admits that marijuana causes serious substance abuse and addiction *problems and provides funding to "help" citizens whose lives have been destroyed by drug abuse that will be sponsored by the State of Missouri via a constitutionally-protected public-private drug-dealing operation.*
- It is unconstitutional for the State to violate Article 2, Section 1 of the Missouri Constitution by going into business as a drug dealer, and going into business with drug dealers selling "recreational" Class-I drugs known to harm and addict Missouri Citizens.
- An IP that violates any provision of the Missouri Constitution cannot be added to the Missouri Constitution and must be procedurally rejected.
- We would never Constitutionally immunize doctors for recommending cigarettes[88] as they did nearly 60 years ago. We cannot now establish a Constitutional Right and Immunity for the State, drug dealers, and drug-dealing "businesses" to promote and profit from drug addiction.

I. The massive negative fiscal note provisions intentionally designed into IP 2020-125 render it unconstitutional. Section 6. of this IP will structurally impose massive unfunded fiscal mandates, fiscal liabilities, and imponderable policy quagmires on the State of Missouri, the Missouri Legislature, all local jurisdictions, businesses, and taxpayers; as follows:

Cite - IP 2020-125 Section 6. and subsections:

[85] http://www.dailymail.co.uk/health/article-4728102/Increasing-marijuana-use-age-linked-depression.html
[86] https://amp.usatoday.com/amp/536010001
[87] http://keepidaho.org/#modal-10
[88] https://www.youtube.com/watch?v=BYgLAPhbyKg

6. Taxation and Reporting.

(1) A tax shall be levied upon the retail sale of non-medical marijuana sold to consumers at marijuana facilities licensed pursuant to this section within the state. The tax shall be at a rate of fifteen percent of the retail price. The tax shall be collected by each licensed non-medical retail marijuana facility and paid to the department of revenue. After retaining no more than two percent of the total tax collected or its actual collection costs, whichever is less, amounts generated by the tax levied in this section shall be deposited by the department of revenue into the "Veterans, Infrastructure, and Health Fund") created under this subsection. Licensed entities making non-medical retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Veterans, Infrastructure, and Health Fund" which shall consist of taxes and fees collected under this section. The state treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The commissioner of administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall be distributed as follows:

(a) First, to the department, an amount necessary for the department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section;

(b) Next, distributed to the local government where the retail sale occurred, three-fifteenths of the remaining fund balance.

(c) After the distribution to the local government where the retail sale occurred, the remaining fund balance shall be distributed in thirds as follows:

(i) One-third of the remainder of the fund balance shall be transferred to the Missouri veterans commission and allied state agencies, as determined by

(Continued next page)

appropriation, exclusively for health care and other services for military veterans and their dependent families;

(ii) One-third of the remainder of the fund balance to the State Road Fund created under article IV, section 30b of this Constitution for constructing and maintaining an adequate system of connected state highways; and

(iii) One-third of the remainder of the fund balance to the department to provide grants to existing agencies and not-for-profit organizations, whether government or community-based, to increase access to evidence-based low-barrier drug addiction treatment, prioritizing medically proven treatment and overdose prevention and reversal methods and public or private treatment options with an emphasis on reintegrating recipients into their local communities, to support overdose prevention education, and to support job placement, housing, and counseling for those with substance use disorders. Agencies and organizations serving populations with the highest rates of drug-related overdose shall be prioritized to receive the grants.

(d) All monies from the taxes and fees authorized hereunder shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana, a record shall be kept by the seller of all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected, and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the department and the department of revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from and in addition to any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana.

The IP is unconstitutional for the following aggregate reasons:

A. IP 2020-125 provides no funding to pay for the massive fiscal note imposed on the state and local jurisdictions to cover costs of significant increases in homelessness, crime, violence, vehicle accidents, divorce, and other expensive problems that state-sponsored substance abuse has proven to have caused in other states.

B. IP 2020-125 Section 6(1) creates a 15% sales tax on recreational marijuana but intentionally denies funding to the State, local jurisdictions, and businesses to pay for costs of implementation and the diaspora of consequences of marijuana legalization including but not limited to homelessness, interdiction, prisons, environmental cleanup, crime, increased domestic and gun violence, property damage, increased medical, property, and vehicle insurance, OSHA compliance, testing of marijuana for safety, and state and local marijuana regulation infrastructure.

C. IP 2020-125 Section 6(2) forces all but a tiny percent of tax revenues to be donated a "Veterans, Infrastructure, and Health Fund" operating independently of the General Revenue fund, operating as follows:

1. The fund firstly pays for "carrying out" the IP. *It does not fund ongoing operations of state agencies to handle, pay for, or recover from the consequences of this IP or substance abuse.*
2. Funding to Veterans
3. Highway funding,
4. Addiction treatment done by psychiatrists, psychologists, and mental health individuals.

- The State Legislature has responsibility for and is constitutionally required to enact a balanced budget every year. Spending needs consistently outpace tax collections. This IP undermines the Legislature's constititutional right to establish and manage the state budget.

- The directed use of tax revenues defined in the IP are a "Christmas tree" of political buyoffs unrelated to the purpose of the IP. These buy-offs are intended to garner support for the initiative, but do not provide functional use of the revenues to carry out the IP.

- To pass constitutional muster, if the IP directs use of tax revenues, the funds must go to serve a narrowly-tailored purpose fully funding the provisions of the IP without imposing unfunded mandates or tying the hands of the Missouri Legislature to implement the State Budget.

- The majority of tax revenues will not be directed to pay for the costs, impacts, and consequences of marijuana legalization. This forms an unconstitutional unfunded mandate requiring rejection of the IP.

- Section 6. (5) prohibits enactment of any additional taxes on marijuana at the state or local levels to pay for unfunded costs, mandates, and consequences of marijuana legalization. The hands of the legislature, local jurisdictions, and courts are tied.

- The wording of IP 2020-125 Section 6. suggests that the Missouri Supreme Court could rule it unconstitutional for the City of St. Louis to enact a corporate head tax to pay for homelessness – which is caused by substance abuse, or any other tax to pay for problems caused by substance abuse

- I argue that it is unconstitutional for Citizens to force large invisible, un-itemized, un-estimated, unassigned, and unfunded mandates on the State, the Legislature, local jurisdictions, businesses, and Citizens via a Constitutional initiative not afforded strict scrutiny protections for race and sex and designed to procedurally serve and financially execute narrowly-tailored constitutional purpose.

- In Montana, the Marsy's Law IP was ruled unconstitutional by the Montana Supreme Court[89] because of unfunded mandates and an expansive list of unseen impacts that voters, the State, and local jurisdictions could not see or judge within the language of the IP..

> "Although well intentioned, the process leading to **CI-116's passage deprived Montana voters of the ability to consider the many, separate ways it changed Montana's constitution or explain the significant administrative, financial, and compliance burdens its unfunded mandates imposed upon state, county and local governments while jeopardizing the existing rights of everyone involved with the criminal justice system,"** wrote Lewis and Clark County Attorney Leo Gallagher, one of those initially named on the petition to void Marsy's Law, in a press release.

J. IP 2020-125 is unconstitutional in present form because:

A. It forces many unseen and unreconciled changes other state laws, administrative rules for many agencies, police, social services, and local laws that the voters cannot see or vote on.

B. It forces many unseen financial mandates on the state, local jurisdictions, schools, police, and other public institutions.

C. It forces exceptionally-large financial mandates on insurance companies. Insurance companies will be forced to pay for much higher rates of traffic accident, mental health, property, theft, and OSHA and employment-related claims and lawsuits, suicides, and life insurance.

D. It forces unfunded mandates on businesses who will:
- Be forced to deal with, pay for, and clean up after vagrancy, theft, crime, and loss of business caused by homeless encampments.
- Be forced to pay large "head taxes" and other brick-and-mortar taxes that have been imposed on businesses in Colorado, Washington, California, and New York to pay for homelessness and related increases in criminal costs.

E. I believe that the Montana ruling on the many administrative, financial, and compliance burdens imposed on state, local, police, courts, and administrative agencies, and the very large costs imposed on businesses and insurance companies prove that **IP 2020-125** is an unconstitutional Initiative in the form it is written, and must be rejected. Marijuana legalization is a complicated issue that must be handled and funded by the Missouri Legislature.

[89] https://www.greatfallstribune.com/story/news/2017/11/01/montana-supreme-court-marsys-law-initiative-unconstitutional-victims-rights/822077001/

Citations: Key Source Studies and Reports

- "The Rocky Mountain High Intensity Drug Trafficking Area"[90]; The White House Office on National Drug Control Policy.
- "Economic and Social Costs of Marijuana Legalization;[91] Colorado Christian University Centennial Institute, November 15, 2018
- "The Chronic State"[92]; Drug Free Idaho[93] – Video documenting consequences of marijuana normalization
- Report: The Costly Fraud of Marijuana Normalization;[94] The Center for Marriage Policy, February 12, 2018
- KOMO News Special: Seattle is Dying; March 19, 2019, KOMO TV – Documentary proving the tight link between marijuana and homelessness.

[90] https://rmhidta.org/default.aspx?menuitemid=781&menugroup=RMHIDTA+Public+Overview&AspxAutoDetectCookieSupport=1
[91] http://www.ccu.edu/centennial/policy-briefs/marijuana-costs/
[92] https://www.youtube.com/watch?v=hhHI01CCFxQ
[93] https://drugfreeidaho.org/
[94] http://marriagepolicy.org/2018/09/report-the-costly-fraud-of-marijuana-normalization/

Proof that Substance Abuse is the Keystone Driver of Violence, Homelessness, Marriage-Absence, and Endless Crisis Spending

and

A Simple Statute Giving Every Family The Ability to Stop Serious Substance Abuse Where It Starts:

The Family

Resulting in:

Significant Reductions of State and Local Crisis Demand Spending

By David R. Usher
Civitas Economic Engineering
St. Louis, Missouri
dusher@gmx.com
October 14, 2019

Use Space Bar to advance auto-play manually
Use Left Arrow to go back / repeat

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The cycle of community failure begins with substance abuse.

The cycle of urban success begins with families being empowered with choice-based policy to drive substance abuse out of their neighborhoods – *one family at a time.*

Fact: Substance Abuse is the primary driver of violence in America

- 76% of domestic violence involves an offender using drugs or alcohol **at the time of the offense. ***
- At least 50% of non-intimate violence involves an offender using drugs or alcohol **at the time of the offense. ***
- **Underreporting**: The BJS did not report how much violence involves individuals addicted to substances who were not "high" at the time of the offense. *

Among victims of violence who were able to describe the offender's use of drugs or alcohol, about two-thirds in an intimate relationship with the offender reported the offender's drinking at the time of the crime.

Victim-offender relationship	Total	Offender using: Alcohol	Drugs	Drugs or alcohol	Neither drugs nor alcohol
All victims of violence	100%	28%	7%	9%	56%
Intimate*	100	55	9	12	25
Nonmarital relative	100	38	14	12	36
Acquaintance	100	28	9	10	52
Stranger	100	24	6	7	63

*Includes current or former spouse, boyfriend, and girlfriend.

Figure 3

- 75% of people who begin treatment for drug addiction report performing acts of violence, including (but not limited to) mugging, physical assault, and using a weapon to attack another person.**
- Gun owners who have been convicted of an alcohol-related offense, such as driving under the influence or drunk and disorderly conduct, are up to five times more likely to be arrested for a violent or firearm-related crime than those who have not. ***

* BJS, "Alcohol and Crime", (1998) http://bjs.ojp.usdoj.gov/index.cfm?ty=pbdetail&iid=385

** Chermack ST, Murray RL, Walton MA, et al. Partner aggression among men and women in substance use disorder treatment: correlates of psychological and physical aggression and injury. *Drug Alcohol Depend*. 2008;98:35-44.

*** *Firearms, alcohol and crime , BMJ Journals, Volume 24, Issue 1, 4/21/2016;* https://injuryprevention.bmj.com/content/24/1/68

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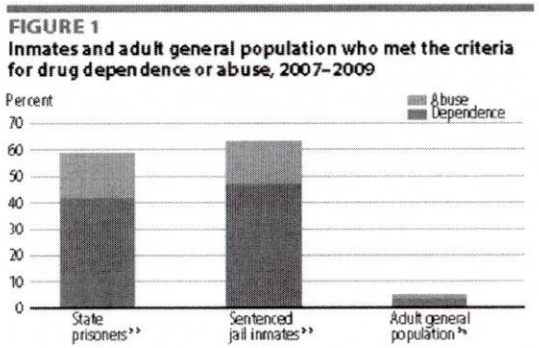
Fact: Substance Abuse is the primary driver of crime and violence in America

- About 60% of the prison population has met the DSM-IV criteria for drug dependence or abuse.*
- Almost 40% of people locked up for property crimes and 14% of those incarcerated for violent crimes reported that they had committed their most serious offense for drug-related reasons. *
- During 2007-09, prisoners (77%) and jail inmates (78%) reported having ever used marijuana/hashish, more than any other drug*



- NOTE: The above figures are understated because:
  1. Substance users tend to be reticent admitting to using substances .
  2. Substance users who were killed, escaped while committing a crime, or not arrested are not included in this data set.
  3. Individuals misusing prescription drugs are often not triaged until a deep investigation into a violent crime is specifically made.
  4. **Substance abuse causes symptoms presumed to be "mental illness" until diagnosed as a "substance use disorder".** ***An unknown but significant amount of substance abuse is undiagnosed, misreported as "mental illness", and improperly blamed on "mental illness".*** **The Sandy Hook case is an example of misreporting later corrected by deep police investigation.**

- **Psychiatric drug cover-up: There have been at least 27 school shootings committed by those taking or withdrawing from psychiatric drugs *such as opiates*, resulting in 162 wounded and 72 students and/or faculty killed ... *there has yet to be a federal investigation in the United States on the link between psychiatric drugs and acts of school or other mass shooting.* ****

* Results from the 2017 National Survey on Drug Use and Health (HHS Publication No. SMA 18-5068) Bureau Of Justice Statistics, September, 2018; https://www.bjs.gov/content/pub/pdf/dudaspji0709.pdf

** "School Shootings and Student Mental Health: Role of the School Counselor in Mitigating Violence", Allison Paolini, American Counseling Association Knowledge Center, 2013; https://www.counseling.org/knowledge-center/vistas/by-subject2/vistas-crisis/docs/default-source/vistas/school-shootings-and-student-mental-health

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Fact: Substance Abuse is also the primary driver of homelessness in America

- A 2008 survey by the United States Conference of Mayors asked 25 cities for their top three causes of homelessness. Substance abuse was the single largest cause of homelessness for single adults (reported by 68% of cities).[1]
- Scott Lindsay, a consultant to the Mayor of Seattle, investigated the cases of about 100 homeless people in Seattle and found that 100% of them had a substance abuse problem. Over 2/3 have been arrested for theft this year. Retailers are hit hard by theft. [2]

Why do substance abusers end up homeless?

- If you are a hard working person and you accidentally end up in hard times, your friends or your church will take you in or help you find a place to live until you get your feet back on the ground.
- But if you are a drug addict and end up divorced, unemployed, or destitute, nobody will help you or let you move in with them. You are on your own living on the streets unless you can find room in a homeless shelter.

Our Policy Meta-analysis:

- **Our extensive review of interdisciplinary literature indicates that the onset of substance abuse -- most often in the family -- is the predominant lifespan factor driving homelessness and many other serious longitudinal consequences for individuals and families.**
- **Homelessness cannot be managed via end-stage crisis-cleanup programs. Free housing, food, and support services are a formula for long-term dependence, not recovery and independence. *The emphasis must be on upstream substance abuse policy in the family.***
- **Substance abuse usually begins because of social and environmental factors. As substance abuse advances to addiction, epigenetic change to brain DNA takes place, modifying neural networks in ways that can persist beyond the time of drug intake and may become permanent.[3] *Therefore substance abuse treatment must occur near the onset of substance abuse, which is commonly the family.***
- **Homelessness can be effectively prevented via simple policies *healing early-stage substance abuse in families before irreversible chronic phase consequences and hopelessness have destroyed families.***

1. National Coalition for the Homeless, "Substance Abuse and Homelessness"; July, 2009; https://www.nationalhomeless.org/factsheets/addiction.html
2. Seattle Business Magazine, https://www.seattlebusinessmag.com/editors-note/conflating-seattle-street-crime-homeless-wont-solve-either-problem
3. Epigenetic Effects of Drugs of Abuse, Thomas Heinbockel* and Antonei B. Csoka; Int J Environ Res Public Health. 2018 Oct; 15(10): 2098. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6210395/

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Impacting Substance Abuse in the family is the key to balancing local, state, and federal budgets

Substance abuse is the riverhead driving a long list of serious intergenerational consequences. Below is a partial list of costly consequences of unaddressed substance abuse in the family:

- Mass shootings (at least 80% correlation)
- Homelessness (nearly 100% correlation)
- Domestic Violence (at least 75% correlation)
- Gun Violence (at least 50% correlation)
- Car, Construction, Work, Other Accidents
- Crime, Property damage, related costs
- High medical, property, accident insurance
- High divorce, illegitimacy, related costs
- Lifelong debilitating mental and physical problems and longitudinal costs (all ages)
- Child Abuse and Neglect
- Educational failure
- "Failure to Launch" permanently-dependent adult children
- Permanent brain damage to children under age 24 caused by marijuana and other drugs
- Suicide by adults and children (600% higher)
- Long-term poverty for women and children
- **Double Governmental Jeopardy: Loss of tax income coupled with compounding demand spending**

Today there are no federal or state policies impacting substance abuse in the family.
Filling the "Recovery Gap" is the only way we can reverse the trend of costly, violent socioeconomic collapse

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Ending family disruption driven by substance abuse is the key to balancing government budgets and maintaining a strong economy over time

- Marriage is the socioeconomic engine creating the motivated, educated, reliable work force that businesses want and need.
- Marriage guarantees the lowest crime rates, poverty rates, and means-tested welfare costs.
- Marriage guarantees the brightest social and economic outcomes for women and children.
- We either have big marriage or big government. *Marriage metrics report success or failure of social policy just like employment/unemployment metrics report success or failure of economic policy*. **Success in both sectors is required for a balanced budget.**
- Political parties are at loggerheads arguing about high crime rates, poverty, violence, and deficit spending. Our political system is overwhelmed and the rule of Constitutional law existentially threatened by the trickle-down consequences of substance abuse. **Government will be increasingly frantic, volatile, radical, and unproductive until we finally reverse the unaddressed trend of substance abuse.**
- Health care financial metrics will stabilize. Far fewer individuals will need free health care when mass substance abuse is obviated. National Health Care can be retired without a fight.
- Gun control will fall by the wayside as a national issue.

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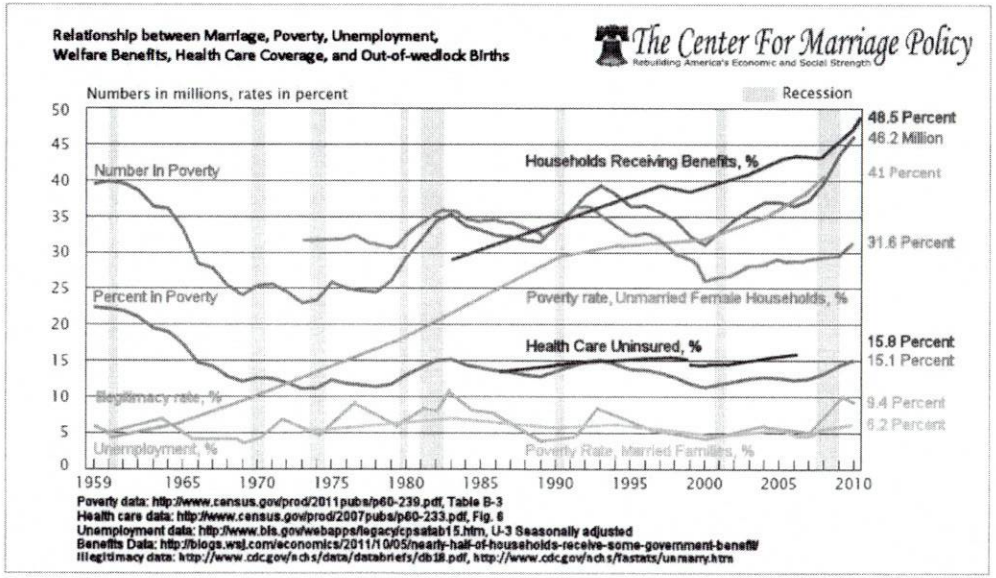
Why Building Marriage is the key to balancing budgets.

- **Despite welfare spending being the largest line item in the federal budget, the poverty rate for married families is consistently at least 450% to 600% lower than for unmarried female households.**
- ***This happens because married families have two income sources and twice the human resources.***
- **When we finally address substance abuse in the family, poverty and means-tested welfare spending will shrink naturally.**
- **The bonus prizes will be corresponding shrinkage of health care, criminal and educational costs.**



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Why Building Marriage is the key to freeing up budget resources for education and infrastructure

- According to the Heritage Foundation, each divorce and case of illegitimacy costs the state an average of $20,000 in expenditures and lost revenues ***each year***
- The annual cost to the state of Missouri for 19,187 divorces and 29,134 children born out of wedlock in 2017 is conservatively estimated to be about $1.7 Billion – (5.8% of Missouri's 2019 budget). (UMC Regional and Fiscal Studies, CDC)
- A reduction of divorce and illegitimacy of only 10% will painlessly shrink demand spending in Missouri by at least $116-million, freeing up capital for education. Actual savings should be much higher.
- States will enjoy across-the-board spending reductions due to the wide span of programs with costs driven by substance abuse. Savings could be as high as $2-billion in Missouri depending on the amount invested in public outreach and subsequent media involvement.

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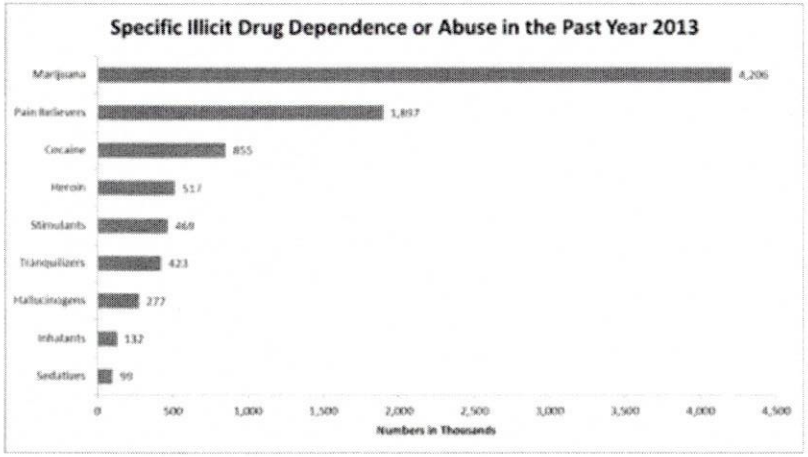
Closing the "Treatment Gap" – In the Family [1]

- In 2015, the National Institute for Drug Abuse (NIDA) stated that an estimated 22.7 million Americans (8.6 percent) needed treatment for a problem related to drugs or alcohol, but only about 2.5 million people (about 11% of substance abusers) received treatment at a specialty facility.
- **Only 1 in 10 individuals addicted to substances are recovering from their addiction.**
  (The other 9 are bankrupting the United States and making it impossible to govern).
- NIDA calls this oversight the "**Treatment Gap".** Substance abuse occurs ***in the family***. The family is the only effective place to effect recovery – before people lose everything and become hopeless.
- The opiate and marijuana abuse crises will abate when people stop wanting drugs for recreational purposes. Policies aggressively reducing teen and young adult drug abuse – **in the family** – are overdue.



Binge and heavy drinking are more widespread among men than women. In 2013, 30.2 percent of men and 16.0 percent of women 12 and older reported binge drinking in the past month. And 9.5 percent of men and 3.3 percent of women reported heavy alcohol use.

Drug use is highest among people in their late teens and twenties. In 2013, 22.6 percent of 18- to 20-year-olds reported using an illicit drug in the past month.

1. https://www.drugabuse.gov/publications/drugfacts/nationwide-trends

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The Family Substance-Abuse Restraining Order (FSRO) Process
How It Works

- **An FSRO is similar to what Drug Courts do, but brings about substance-abuse recovery in an intact family, at an early phase in the addiction cycle, and usually long before the substance abuser ends up in serious or irreversible trouble.**
- The spouse of a substance-abusing partner (or parents of a substance abusing child) files for a Family Substance-Abuse Restraining Order at the same court where domestic violence restraining orders are filed.
- For substance-abusing children, the parent coordinates with a children's home, which cooperatively handles or performs substance abuse counseling in a rigorous, disciplined, environment. Children will take recovery very seriously because they do not like living in the highly regimented "boot camp" of a children's home.
- The substance abuser is removed from the home and is not allowed to return until he/she has demonstrated a convincing level of sobriety. The Judge tells the substance abuser that they only have two choices – grow up or lose everything – to emphasize the importance of choosing recovery.
- Telephone-contact orders are encouraged to maintain communication so the responsible spouse can gauge recovery progress and keep firm but loving pressure on the substance abuser to recover.
- Recovery status is mailed to the court biweekly (or when indicated by an event) via forms using checkboxes indicating recovery progress and cooperation. This is similar to drug-court reporting methods (which make court appearances by recovery centers, A.A., and other counselors unnecessary).
- The FSRO is dropped when the court and spouse/parent are convinced that the respondent's has achieved a convincing level of sobriety.

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The cost of substance abuse is very high.
Everyone is impacted socially, economically, and politically

- Every corporation pays for the costs of substance abuse via inflating HR costs, poor work performance, turnover, accidents, lawsuits, health and property insurance, property loss, and high taxes.
- Governments, OSHA-compliant businesses and agencies, and insurance companies have the highest direct-exposure out-of-pocket costs.
- "Death Profession" risks are significantly driven by substance abuse (both on and off the job), and job-related exposure to substance-abusers.
- Every taxpayer funds the high costs of government constantly reacting to, enabling, covering up, and cleaning up from substance-abuse related criminal, social, and economic consequences. Many innocent victims are robbed, injured, or killed by substance abusers.
- ***Marijuana "legalization" approximately quadruples the number of costly criminal prosecutions and incarcerations for illegal drug sales, smuggling, growing, and illegal production. Prisons fill up, not empty out and interdiction costs explode.***[1] ***This fact is opposite of claims made by marijuana activists.***
- The inability of politicians to manage out-of-control costs, deficits, human wreckage, and mass violence problems is why cities, states, and the federal government are drowning in debt, while politicians and media are in a war of words with no actionable answers on the horizon.

1. https://www.chicagotribune.com/news/ct-viz-met-colorado-legal-marijuana-by-the-numbers-htmlstory.html

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If you ask politicians or the media what is driving violence,
the chances are they will blame it on guns, poverty, police, gangs, mental health, racism, fatherlessness, video games, or income inequality.

If you ask police officers what is driving violence,
The chances are they will say drugs or substance abuse.

Politicians usually do not know what police officers know. They are not on the front lines. Politicians often hurriedly respond to angry constituents with costly crisis mop-up programs funding the *consequences* of substance abuse. This fixes nothing and fosters funding models that entitle and guarantee future drug abuse in the community.[1]

Harnessing the People to drive substance abuse out of communities,
one family at a time, is the only way for everyone to finally win.

1. (Example: National Institutes of Health, Journal of Social Distress and Homelessness
https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4833089/

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The "system" knows that substance abuse drives crime and violence.
(Why Missouri Must Act Now)

In August, 2019, Federalist advocates at the National Council for Behavioral Health issued a 77-page study, "Mass Violence In America".[1]

They intend to misuse mass violence to "end the war on drugs", empty-out prisons, and establish a powerful new government agency combining national security, FBI, substance abuse, mental health, school, and family surveillance functions into one super-agency.

This new agency would move social and psychological services inside national security with unlimited "military" funding not presently available to social services.

The agency would have power to surveil families from schools and other government agencies. It is intended to eventually force substance abuse or mental health services on adults or children and expand common core agenda in our schools – in the name of public safety.

Our FSRO policy giving citizens the personal power to drive substance abuse out of their communities, one family at a time, is the only small-government, effective way to reverse the trend of mass substance abuse.
We must not let Federalists establish a new and dangerously powerful conglomerate agency.

1. https://www.thenationalcouncil.org/wp-content/uploads/2019/08/Mass-Violence-in-America_8-6-19.pdf

© Civitas Economic Engineering LLC, 2019

The City of Saint Louis knows that substance abuse drives crime and violence.

So it is launching a $5M make-work "violence prevention" program that is a proven failure in other cities.

- **The City of Saint Louis is spending $5M on "Cure Violence",[1] a globalist[2] program replacing prisons by "using the methods and strategies associated with disease control" – using former gang members and drug dealers to act as conflict intervenors. The Mayor claims it will reduce shootings by 30% in one year.**
- **"Cure Violence"[2] issued false[3] data to the City about their program's crime decreases in Baltimore, New York City, New Orleans, and other cities to justify putting drug dealers back on the street.**
  - **In New York City, shootings increased by 4.7% in 2017, not a 63% reduction. [4]**
  - **Baltimore had an 11% increase in homicides in 2011, not a 56% reduction. [5]**
  - **New Orleans had the highest murder rate in the nation in 2017, not a 47% reduction in homicide. [6]**
  - **Philadelphia had a 24% decrease in shootings in 2017, [7] but a 14% increase in homicides.[8]**
  - **Cure Violence programs were shut down in Chicago and other parts of Illinois in 2012[9] and 2015 [10] due to a combination of ineffectiveness, high cost, lack of cooperation with police, and program workers getting into trouble.**

Fact: Public policy cannot put Humpty Dumpty back together again.
Substance abuse must be addressed in the family so that crime, violence, homelessness, and frightfully expensive crisis-cleanup demand spending does not overwhelm state and local budgets.

1. https://www.stlouis-mo.gov/government/departments/aldermen/president/news/pres-reed-reaction-to-cure-violence-funding.cfm#feedbackSection
2. https://cvg.org/
3. https://cvg.org/what-we-do/
4. https://compstat.nypdonline.org/2e5c3f4b-85c1-4635-83c6-22b27fe7c75c/view/90
5. https://homicides.news.baltimoresun.com/?range=2012
6. https://www.nola.com/news/crime_police/article_e7a54d3f-90a8-5adf-ac70-828c28b5f5cc.html
7. http://data.philly.com/philly/crime/
8. https://drive.google.com/open?id=1eGYp7V4nDglbn9cKtmGx6bM6sHhgXT0G
9. https://www.pbs.org/wgbh/frontline/article/chicago-drops-ceasefire-from-anti-violence-strategy/
10. https://tallahasseereports.com/2015/10/12/cure-violence-programs-shutdown-in-chicago/

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Where do we want Missouri to be in five years?

Every state that legalized THC-containing marijuana (in any form) has suffered crippling increases in serious social and budget problems due to crisis demand spending.

Local jurisdictions in states that legalized THC-containing marijuana (in any form) sustained imponderable increases in serious social and budget crises due to homelessness, crime, loss of tax income, unemployment, and more.

Constitutional Initiatives banning new marijuana taxes (*like enacted in Missouri*) forced legislatures and cities to invent tangential "head" and other "gotcha" taxes on businesses and innocent citizens to subsidize the State-run Drug Cartel.

Amazon abandoned plans to build its new headquarters buildings in Seattle and New York City because of costly marijuana-driven taxation schemes. Amazon is building its HQ in a small Virginia town where it cannot be soaked.

Missouri legalized high-power THC-containing "medical" marijuana in 2018.
1/3 of marijuana users have a life-impacting addiction problem. [1] ***Missouri's socioeconomic disaster will begin in 2020.***

The Family Substance-abuse Restraining Order (FSRO) legislation will improve Missouri's tax income and broadly reduce crisis-demand spending, making Missouri safer and more competitive than marijuana states.

Missouri's crime, substance abuse, and STD rates and costs can be the best in Nation -- not the worst.

Missouri must grant every responsible citizen in every Missouri family the personal power to drive substance abuse out of their community, *one family at a time.*

Empowering and Enlisting every responsible Missouri Citizen is the only way to put drug dealers out of business And to facilitate maximal capital Missouri needs for infrastructure, education and other growth priorities.

(End of Presentation – Click to Restart)

1. https://www.drugabuse.gov/publications/drugfacts/genetics-epigenetics-addiction

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The State Auditor's office did not receive a response from the **Department of Higher Education and Workforce Development, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State government entities are expected to have one-time costs of $20 million, annual costs from $6 million to unknown, and annual revenues from $86 million to $155 million by 2025. Local governments estimate unknown costs and are expected to have annual revenues from $17 million to $27 million by 2025.

RECEIVED
OCT 01 2019
STATE AUDITORS OFFICE
ELECTIONS DIVISION
(573) 751-2301

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

October 1, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Charles Hurth regarding a proposed constitutional amendment to Article VIII (2020-124)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Charles Hurth on October 1, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A Misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign anyone to sign any referendum petition with any name other than his or her own, or knowingly to sign his or her name other than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____County (or City of St. Louis), respectfully order that the following proposed amendment to the Constitution shall be submitted to the voters of the State of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November 2020 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____County (or City of St. Louis); my registered voting address and the name of the city, town or village which I live are correctly written after my name.

(Official Ballot title)

RECEIVED
2019 SEP 31 AM 9:01

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF_____

I, _____ Being first duly sworn, say (print or type names of signers)

NAME	DATE SIGNED	REGISTERED VOTING ADDRESS (street) (City, Town or village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
1.	/ /				
2.	/ /				
3.	/ /				
4.	/ /				
5.	/ /				
6.	/ /				
7.	/ /				
8.	/ /				
9.	/ /				
10.	/ /				
11.	/ /				
12.	/ /				
13.	/ /				
14.	/ /				

Signed this page of the foregoing petition and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and City, town or village correctly, and that each signer is a registered voter of the State of Missouri and _____County.

FUTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ☐ do not ☐ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____

_____ _____
Signature of Affiant (Person obtaining signatures) Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me _____day of _____.A.D. 20___.

_____ Notary Public (Seal)
Signature of Notary

_____
Address of Notary

My commission expires_____

Be it resolved by the People of the State of Missouri that the Constitution be amended:

Article VIII Section 2. Qualifications of voters- Disqualification is revised by deleting the single word " All" and replacing said word with "Only A" such that the first sentence of said section shall read:

[All Citizens] Only A citizen of the United States, including occupants of soldiers' and sailors' homes over the age of eighteen who are residents of this state and of the political subdivision in which they offer to vote are entitled to vote at all elections by the people, if the election is one for which registration is required if they are registered within the time prescribed by law, or if the election is one for which registration is not required, if they have been residents of the political subdivision in which they offer to vote for thirty days next preceding the election for which they offer to vote: Provided however, no person who has guardian of his or her estate or person by reason of mental incapacity, appointed by a Court of competent jurisdiction and no person who is involuntarily confined in a mental institution pursuant to an adjudication of a Court of competent jurisdiction shall be entitled to vote, and persons convicted of felony, or crime connected who the exercise of the right of suffrage may be excluded by law from voting.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 30, 2019

RECEIVED
SEP 30 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Deirdre Hirner regarding a proposed constitutional amendment to Article XIV (2020-123)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Deirdre Hirner on September 27, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

MOB000001

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County _____

INITIATIVE PETITION

Page No. _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2019 SEP 27 PM 3:37

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

	Signature	Date Signed	Registered Voting Address	Zip Code	Cong. District	Printed First and Last Name
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

_____ Signature of Affiant (Person obtaining signatures)

_____ Street Address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____

(Seal)

_____ Signature of Notary

_____ Address of Notary

20-123

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article XIV is amended by amending Section 1 of Article XIV and enacting one new section to be known as Section 2 of Article XIV, to read as follows:

XIV Section 1. Right to access medical marijuana. — 1. Purposes.

This section is intended to permit state-licensed physicians to recommend marijuana for medical purposes to patients with serious illnesses and medical conditions. The section allows patients with qualifying medical conditions the right to discuss freely with their physicians the possible benefits of medical marijuana use, the right of their physicians to provide professional advice concerning the same, and the right to use medical marijuana for treatment under the supervision of a physician.

This section is intended to make only those changes to Missouri laws that are necessary to protect patients, their primary caregivers, and their physicians from civil and criminal penalties, and to allow for the limited legal production, distribution, sale and purchase of marijuana for medical use. This section is not intended to change current civil and criminal laws governing the use of marijuana for nonmedical purposes. The section does not allow for the public use of marijuana and driving under the influence of marijuana.

2. Definitions.

(1) **"Administer"** means the direct application of marijuana to a qualifying patient by way of any of the following methods:

(a) Ingestion of capsules, teas, oils, and other marijuana-infused products;

(b) Vaporization or smoking of dried flowers, buds, plant material, extracts, or oils;

(c) Application of ointments or balms;

(d) Transdermal patches and suppositories;

(e) Consuming marijuana-infused food products; or

(f) Any other method recommended by a qualifying patient's physician.

(2) **"Department"** means the department of health and senior services, or its successor agency.

(3) **"Entity"** means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) **"Flowering plant"** means a marijuana plant from the time it exhibits the first signs of sexual maturity through harvest.

(5) **"Marijuana"** or **"marihuana"** means *Cannabis indica*, *Cannabis sativa*, and *Cannabis ruderalis*, hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" or "marihuana" do not include industrial hemp containing a cropwide average tetrahydrocannabinol concentration that does not exceed three-tenths of one percent on a dry weight basis, or commodities or products manufactured from industrial hemp.

(6) **"Marijuana-infused products"** means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(7) **"Medical marijuana cultivation facility"** means a facility licensed by the department to acquire, cultivate, process, store, transport, and sell marijuana to a medical marijuana dispensary facility, medical marijuana testing facility, or to a medical marijuana-infused products manufacturing facility.

(8) **"Medical marijuana dispensary facility"** means a facility licensed by the department to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and drug paraphernalia used to administer marijuana as provided for in this section to a qualifying patient, a primary caregiver, another medical marijuana dispensary facility, a medical marijuana testing facility, or a medical marijuana-infused products manufacturing facility.

(9) **"Medical marijuana-infused products manufacturing facility"** means a facility licensed by the department to acquire, store, manufacture, transport, and sell marijuana-infused products to a medical marijuana dispensary facility, a medical marijuana testing facility, or to another medical marijuana-infused products manufacturing facility.

(10) **"Medical marijuana testing facility"** means a facility certified by the department to acquire, test, certify, and transport marijuana.

(11) **"Medical use"** means the production, possession, delivery, distribution, transportation, or administration of marijuana or a marijuana-infused product, or drug paraphernalia used to administer marijuana or a marijuana-infused product, for the benefit of a qualifying patient to mitigate the symptoms or effects of the patient's qualifying medical condition.

(12) **"Physician"** means an individual who is licensed and in good standing to practice medicine or osteopathy under Missouri law.

(13) **"Physician certification"** means a document, whether handwritten, electronic or in another commonly used format, signed by a physician and stating that, in the physician's professional opinion, the patient suffers from a qualifying medical condition.

(14) **"Primary caregiver"** means an individual twenty-one years of age or older who has significant responsibility for managing the well-being of a qualifying patient and who is designated as such on the primary caregiver's application for an identification card under this section or in other written notification to the department.

(15) **"Qualifying medical condition"** means the condition of, symptoms related to, or side-effects from the treatment of:

(a) Cancer;

(b) Epilepsy;

(c) Glaucoma;

(d) Intractable migraines unresponsive to other treatment;

(e) A chronic medical condition that causes severe, persistent pain or persistent muscle spasms, including but not limited to those associated with multiple sclerosis, seizures, Parkinson's disease, and Tourette's syndrome;

(f) Debilitating psychiatric disorders, including, but not limited to, posttraumatic stress disorder, if diagnosed by a state licensed psychiatrist;

(g) Human immunodeficiency virus or acquired immune deficiency syndrome;

(h) A chronic medical condition that is normally treated with a prescription medication that could lead to physical or psychological dependence, when a physician determines that medical use of marijuana could be effective in treating that condition and would serve as a safer alternative to the prescription medication;

(i) Any terminal illness; or

(j) In the professional judgment of a physician, any other chronic, debilitating or other medical condition, including, but not limited to, hepatitis C, amyotrophic lateral sclerosis, inflammatory bowel disease, Crohn's disease, Huntington's disease, autism, neuropathies, sickle cell anemia, agitation of Alzheimer's disease, cachexia, and wasting syndrome.

(16) **"Qualifying patient"** means a Missouri resident diagnosed with at least one qualifying medical condition.

3. Creating Patient Access to Medical Marijuana.

(1) In carrying out the implementation of this section, the department shall have the authority to:

(a) Grant or refuse state licenses and certifications for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use as provided by law; suspend, fine, restrict, or revoke such licenses and certifications upon a violation of this section or a rule promulgated pursuant to this section; and impose any administrative penalty authorized by this section or any rule promulgated pursuant to this section.

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana for medical use and for the enforcement of this section so long as patient access is not restricted unreasonably and such rules are reasonably necessary for patient safety or to restrict access to only licensees and qualifying patients.

(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section;

(d) Require a seed-to-sale tracking system that tracks medical marijuana from either the seed or immature plant stage until the medical marijuana or medical marijuana-infused product is sold to a qualifying patient or primary caregiver to ensure that no medical marijuana grown by a medical marijuana cultivation facility or manufactured by a medical marijuana-infused products manufacturing facility is sold or otherwise transferred except by a medical marijuana dispensary facility. The department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees.

(e) Issue standards for the secure transportation of marijuana and marijuana-infused products. The department shall certify entities which demonstrate compliance with its transportation standards to transport marijuana and marijuana-infused products to a medical marijuana cultivation facility, a medical marijuana-infused products manufacturing facility, a medical marijuana dispensary facility, a medical marijuana testing facility, or another entity with a transportation certification. The department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity licensed or certified pursuant to this section shall be allowed to transport cannabis.

(f) The department may charge a fee not to exceed $5,000 for any certification issued pursuant to this section.

(g) Prepare and transmit annually a publicly available report accounting to the governor for the efficient discharge of all responsibilities assigned to the department under this section;

(h) Establish a system to numerically score competing medical marijuana licensee and certificate applicants, only in cases where more applicants apply than the minimum number of licenses or certificates as calculated by this section, which scoring shall be limited to an analysis of the following:

(i) the character, veracity, background, qualifications, and relevant experience of principal officers or managers;

(ii) the business plan proposed by the applicant, which in the case of cultivation facilities and dispensaries shall include the ability to maintain an adequate supply of marijuana, plans to ensure safety and security of qualifying patients and the community, procedures to be used to prevent diversion, and any plan for making marijuana available to low-income qualifying patients;

(iii) site security;

(iv) experience in a legal cannabis market;

(v) in the case of medical marijuana testing facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and/or potency and health care industry experience;

(vi) the potential for positive economic impact in the site community;

(vii) in the case of medical marijuana cultivation facilities, capacity or experience with agriculture, horticulture, and health care;

(viii) in the case of medical marijuana dispensary facilities, capacity or experience with health care, the suitability of the proposed location, and its accessibility for patients;

(ix) in the case of medical marijuana-infused products manufacturing facilities, capacity or experience with food and beverage manufacturing; and

(x) maintaining competitiveness in the marijuana for medical use marketplace.

In ranking applicants and awarding licenses and certificates, the department may consult or contract with other public agencies with relevant expertise regarding these factors. The department shall lift or ease any limit on the number of licensees or certificate holders in order to meet the demand for marijuana for medical use by qualifying patients.

(2) The department shall issue any rules or emergency rules necessary for the implementation and enforcement of this section and to ensure the right to, availability, and safe use of marijuana for medical use by qualifying patients. In developing such rules or emergency rules, the department may consult with other public agencies. In addition to any other rules or emergency rules necessary to carry out the mandates of this section, the department may issue rules or emergency rules relating to the following subjects:

(a) Compliance with, enforcement of, or violation of any provision of this section or any rule issued pursuant to this section, including procedures and grounds for denying, suspending, fining, restricting, or revoking a state license or certification issued pursuant to this section;

(b) Specifications of duties of officers and employees of the department;

(c) Instructions or guidance for local authorities and law enforcement officers;

(d) Requirements for inspections, investigations, searches, seizures, and such additional enforcement activities as may become necessary from time to time;

(e) Creation of a range of administrative penalties for use by the department;

(f) Prohibition of misrepresentation and unfair practices;

(g) Control of informational and product displays on licensed premises provided that the rules may not prevent or unreasonably restrict appropriate signs on the property of the medical marijuana dispensary facility, product display and examination by the qualifying patient and/or primary caregiver, listings in business directories including phone books, listings in marijuana-related or medical publications, or the sponsorship of health or not for profit charity or advocacy events;

(h) Development of individual identification cards for owners, officers, managers, contractors, employees, and other support staff of entities licensed or certified pursuant to this

section, including a fingerprint-based federal and state criminal record check in accordance with U.S. Public Law 92-544, or its successor provisions, as may be required by the department prior to issuing a card and procedures to ensure that cards for new applicants are issued within fourteen days. Applicants licensed pursuant to this section shall submit fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol, if necessary, shall forward the fingerprints to the Federal Bureau of Investigation (FBI) for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted pursuant to 43.543 and fees shall be paid pursuant to 43.530;

(i) Security requirements for any premises licensed or certified pursuant to this section, including, at a minimum, lighting, physical security, video, alarm requirements, and other minimum procedures for internal control as deemed necessary by the department to properly administer and enforce the provisions of this section, including reporting requirements for changes, alterations, or modifications to the premises;

(j) Regulation of the storage of, warehouses for, and transportation of marijuana for medical use;

(k) Sanitary requirements for, including, but not limited to, the preparation of medical marijuana-infused products;

(l) The specification of acceptable forms of picture identification that a medical marijuana dispensary facility may accept when verifying a sale;

(m) Labeling and packaging standards;

(n) Records to be kept by licensees and the required availability of the records;

(o) State licensing procedures, including procedures for renewals, reinstatements, initial licenses, and the payment of licensing fees;

(p) The reporting and transmittal of tax payments;

(q) Authorization for the department of revenue to have access to licensing information to ensure tax payment and the effective administration of this section; and

(r) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(3) The department shall issue rules or emergency rules for a medical marijuana and medical marijuana-infused products independent testing and certification program for medical marijuana licensees and requiring licensees to test medical marijuana using one or more impartial, independent laboratories to ensure, at a minimum, that products sold for human consumption do not contain contaminants that are injurious to health, to ensure correct labeling and measure potency. The department shall not require any medical marijuana or medical marijuana-infused products to be tested more than once prior to sale.

(4) The department shall issue rules or emergency rules to provide for the certification of and standards for medical marijuana testing facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The department shall certify, if possible, at least two entities as medical marijuana testing facilities. No medical marijuana testing facility shall be owned by an entity under substantially common control, ownership, or management as a medical marijuana cultivation facility, medical marijuana-infused product manufacturing facility, or medical marijuana dispensary facility.

(5) [The department shall maintain the confidentiality of reports or other information obtained from an applicant or licensee containing any individualized data, information, or records related to the licensee or its operation, including sales information, financial records, tax returns, credit reports, cultivation information, testing results, and security information and plans, or revealing any patient information, or any other records that are exempt from public inspection

pursuant to state or federal law. Such reports or other information may be used only for a purpose authorized by this section. Any information released related to patients may be used only for a purpose authorized by federal law and this section, including verifying that a person who presented a patient identification card to a state or local law enforcement official is lawfully in possession of such card.] Beginning December 2, 2020, all public records produced or retained pursuant to this section are subject to the general provisions of the Missouri Sunshine Law, as amended from time to time. Notwithstanding the foregoing, records containing proprietary business information obtained from an applicant or licensee are subject to closure. For documents submitted on or after December 2, 2020, the applicant or licensee shall label business information it believes to be proprietary prior to submitting it to the department. For documents submitted prior to December 2, 2020, the applicant or licensee may advise the department, through a department approved process, of any records previously submitted by the applicant or licensee it believes contain proprietary business information. Proprietary business information shall include sales information, financial records, tax returns, credit reports, cultivation information unrelated to product safety, testing results unrelated to product safety, site security information and plans, and individualized consumer information. The presence of proprietary business information shall not justify the closure of public records:

(a) identifying the applicant or licensee;

(b) relating to any citation, notice of violation, tax delinquency, or other enforcement action;

(c) relating to any public official's support or opposition relative to any applicant, licensee, or their proposed or actual operations;

(d) where disclosure is reasonably necessary for the protection of public health or safety; or

(e) that are otherwise subject to public inspection under other applicable law.

(6) Within one hundred eighty days of December 6, 2018, the department shall make available to the public license application forms and application instructions for medical marijuana cultivation facilities, medical marijuana testing facilities, medical marijuana dispensary facilities, and medical marijuana-infused products manufacturing facilities.

(7) Within one hundred eighty days of December 6, 2018, the department shall make available to the public application forms and application instructions for qualifying patient, qualifying patient cultivation, and primary caregiver identification cards. Within two hundred ten days of December 6, 2018, the department shall begin accepting applications for such identification cards.

(8) An entity may apply to the department for and obtain one or more licenses to grow marijuana as a medical marijuana cultivation facility. Each facility in operation shall require a separate license, but multiple licenses may be utilized in a single facility. Each indoor facility utilizing artificial lighting may be limited by the department to thirty thousand square feet of flowering plant canopy space. Each outdoor facility utilizing natural lighting may be limited by the department to two thousand eight hundred flowering plants. Each greenhouse facility using a combination of natural and artificial lighting may be limited by the department, at the election of the licensee, to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a nonrefundable fee of ten thousand dollars per license application or renewal for all applicants filing an application within three years of December 6, 2018, and shall charge each applicant a nonrefundable fee of five thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of twenty-five thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three medical marijuana cultivation facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(9) An entity may apply to the department for and obtain one or more licenses to operate a medical marijuana dispensary facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a nonrefundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of December 6, 2018, and shall charge each applicant a nonrefundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than five medical marijuana dispensary facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(10) An entity may apply to the department for and obtain one or more licenses to operate a medical marijuana-infused products manufacturing facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a nonrefundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of December 6, 2018, and shall charge each applicant a nonrefundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three medical marijuana-infused products manufacturing facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(11) Any applicant for a license authorized by this section may prefile their application fee with the department beginning 30 days after December 6, 2018.

(12) Except for good cause, a qualifying patient or his or her primary caregiver may obtain an identification card from the department to cultivate up to six flowering marijuana plants for the exclusive use of that qualifying patient. The card shall be valid for twelve months from its date of issuance and shall be renewable with the annual submittal of a new or updated physician's certification. The department shall charge an annual fee for the card of one hundred dollars, with such rate to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency.

(13) The department may set a limit on the amount of marijuana that may be purchased by or on behalf of a single qualifying patient in a thirty-day period, provided that limit is not less than four ounces of dried, unprocessed marijuana, or its equivalent. Any such limit shall not apply to a qualifying patient with written certification from two independent physicians that there are compelling reasons why the qualifying patient needs a greater amount than the limit established by the department.

(14) The department may set a limit on the amount of marijuana that may be possessed by or on behalf of each qualifying patient, provided that limit is not less than a sixty-day supply of dried, unprocessed marijuana, or its equivalent. A primary caregiver may possess a separate legal limit for each qualifying patient under their care and a separate legal limit for themselves if they are a qualifying patient. Qualifying patients cultivating marijuana for medical use may possess up to a ninety-day supply, so long as the supply remains on property under their control. Any such limit shall not apply to a qualifying patient with written certification from two independent physicians that there are compelling reasons for additional amounts. Possession of between the legal limit and up to twice the legal limit shall subject the possessor to department sanctions, including an administrative penalty and loss of their patient identification card for up to a year. Purposefully possessing amounts in excess of twice the legal limit shall be punishable by imprisonment of up to one year and a fine of up to two thousand dollars.

(15) The department may restrict the aggregate number of licenses granted for medical marijuana cultivation facilities, provided, however, that the number may not be limited to fewer

than one license per every one hundred thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(16) The department may restrict the aggregate number of licenses granted for marijuana-infused products manufacturing facilities, provided, however, that the number may not be limited to fewer than one license per every seventy thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(17) The department may restrict the aggregate number of licenses granted for medical marijuana dispensary facilities, provided, however, that the number may not be limited to fewer than twenty-four licenses in each United States congressional district in the state of Missouri pursuant to the map of each of the eight congressional districts as drawn and effective on December 6, 2018. Future changes to the boundaries of or the number of congressional districts shall have no impact.

(18) The department shall begin accepting license and certification applications for medical marijuana dispensary facilities, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than two hundred forty days after December 6, 2018. Applications for licenses and certifications under this section shall be approved or denied by the department no later than one hundred fifty days after their submission. If the department fails to carry out its nondiscretionary duty to approve or deny an application within one hundred fifty days of submission, an applicant may immediately seek a court order compelling the department to approve or deny the application.

(19) Qualifying patients under this section shall obtain [and annually renew] an identification card or cards from the department. The department shall charge a fee of twenty-five dollars per year per card with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor or its successor agency. Cards shall be valid for three years and may be renewed with a new physician's certification. Upon receiving an application for a qualifying patient identification card or qualifying patient cultivation identification card, the department shall, within thirty days, either issue the card or provide a written explanation for its denial. If the department fails to deny and fails to issue a card to an eligible qualifying patient within thirty days, then their physician certification shall serve as their qualifying patient identification card or qualifying patient cultivation identification card for up to one year from the date of physician certification. All initial applications for or renewals of a qualifying patient identification card or qualifying patient cultivation identification card shall be accompanied by a physician certification that is less than thirty days old.

(20) Primary caregivers under this section shall obtain [and annually renew] an identification card from the department. Cards shall be valid for three years. The department shall charge a fee of [twenty-five] seventy-five dollars [per year], with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. Upon receiving an application for a primary caregiver identification card, the department shall, within thirty days, either issue the card or provide a written explanation for its denial.

(21) All marijuana for medical use sold in Missouri shall be cultivated in a licensed medical marijuana cultivation facility located in Missouri.

(22) All marijuana-infused products for medical use sold in the state of Missouri shall be manufactured in a medical marijuana-infused products manufacturing facility.

(23) The denial of a license, license renewal, or identification card by the department shall be appealable to the administrative hearing commission, or its successor entity. Following the exhaustion of administrative review, denial of a license, license renewal, or identification card by the department shall be subject to judicial review as provided by law.

(24) No elected official shall interfere directly or indirectly with the department's obligations and activities under this section.

(25) The department shall not have the authority to apply or enforce any rule or regulation that would impose an undue burden on any one or more licensees or certificate holders, any qualifying patients, or act to undermine the purposes of this section.

4. Taxation and Reporting.

(1) A tax is levied upon the retail sale of marijuana for medical use sold at medical marijuana dispensary facilities within the state. The tax shall be at a rate of four percent of the retail price. The tax shall be collected by each licensed medical marijuana dispensary facility and paid to the department of revenue. After retaining no more than five percent for its actual collection costs, amounts generated by the tax levied in this section shall be deposited by the department of revenue into the Missouri veterans' health and care fund. Licensed entities making retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Missouri Veterans' Health and Care Fund", which shall consist of taxes and fees collected under this section. The state treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and monies earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The commissioner of administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the department, an amount necessary for the department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section;

(b) Next, the remainder of such funds shall be transferred to the Missouri veterans commission for health and care services for military veterans, including the following purposes: operations, maintenance and capital improvements of the Missouri veterans homes, the Missouri service officer's program, and other services for veterans approved by the commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness. The Missouri veterans commission shall contract with other public agencies for the delivery of services beyond its expertise.

(c) All monies from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana for medical use, a record shall be kept by the seller which identifies, by secure and encrypted patient number issued by the seller to the qualifying patient involved in the sale, all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the department and the department of revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from, and in addition to, any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana for medical use.

(6) The fees and taxes provided for in this Article XIV, Section 1 shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

(7) The unexpended balance existing in the fund shall be exempt from the provisions of section 33.080 relating to the transfer of unexpended balances to the general revenue fund.

5. Additional Patient, Physician, Caregiver and Provider Protections.

(1) Except as provided in this section, the possession of marijuana in quantities less than the limits of this section, or established by the department, and transportation of marijuana from a medical marijuana dispensary facility to the qualifying patient's residence shall not subject the possessor to arrest, criminal or civil liability, or sanctions under Missouri law, provided that the possessor produces on demand to the appropriate authority a valid qualifying patient identification card; a valid qualifying patient cultivation identification card; a valid physician certification while making application for an identification card; or a valid primary caregiver identification card. Production of the respective equivalent identification card or authorization issued by another state or political subdivision of another state shall also meet the requirements of this subdivision and shall allow for the purchase of marijuana for use by a non-resident patient from a medical marijuana dispensary facility as permitted by this section and in compliance with department regulations.

(2) No patient shall be denied access to or priority for an organ transplant because they hold a qualifying patient identification card or use marijuana for medical use.

(3) A physician shall not be subject to criminal or civil liability or sanctions under Missouri law or discipline by the Missouri state board of registration for the healing arts, or its successor agency, for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or issuing a physician certification to a patient diagnosed with a qualifying medical condition in a manner consistent with this section and legal standards of professional conduct.

(4) A health care provider shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or providing health care services that involve the medical use of marijuana consistent with this section and legal standards of professional conduct.

(5) A medical marijuana testing facility shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to the medical use of marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(6) A health care provider shall not be subject to mandatory reporting requirements for the medical use of marijuana by nonemancipated qualifying patients under eighteen years of age in a manner consistent with this section and with consent of a parent or guardian.

(7) A primary caregiver shall not be subject to criminal or civil liability or sanctions under Missouri law for purchasing, transporting, or administering marijuana for medical use to a qualifying patient or participating in the patient cultivation of up to six flowering marijuana plants per patient in a manner consistent with this section and generally established legal standards of personal or professional conduct.

(8) An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to prospective or licensed medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana dispensary facilities, medical marijuana-infused products manufacturing facilities, qualifying patients, primary caregivers, physicians, health care providers or others related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(9) Actions and conduct by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities licensed or registered with the department, or their employees or agents, as permitted by this section and in compliance with department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

(10) Nothing in this section shall provide immunity for negligence, either common law or statutorily created, nor criminal immunities for operating a vehicle, aircraft, dangerous device, or navigating a boat under the influence of marijuana.

(11) It is the public policy of the state of Missouri that contracts related to marijuana for medical use that are entered into by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities and those who allow property to be used by those entities, should be enforceable. It is the public policy of the state of Missouri that no contract entered into by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to medical marijuana may be prohibited by federal law.

6. Legislation.

Nothing in this section shall limit the general assembly from enacting laws consistent with this section, or otherwise effectuating the patient rights of this section. The legislature shall not enact laws that hinder the right of qualifying patients to access marijuana for medical use as granted by this section.

7. Additional Provisions.

(1) Nothing in this section permits a person to:

(a) Consume marijuana for medical use in a jail or correctional facility;

(b) Undertake any task under the influence of marijuana when doing so would constitute negligence or professional malpractice; or

(c) Operate, navigate, or be in actual physical control of any dangerous device or motor vehicle, aircraft or motorboat while under the influence of marijuana; or

(d) Bring a claim against any employer, former employer, or prospective employer for wrongful discharge, discrimination, or any similar cause of action or remedy, based on the employer, former employer, or prospective employer prohibiting the employee, former employee, or prospective employee from being under the influence of marijuana while at work or disciplining the employee or former employee, up to and including termination from employment, for working or attempting to work while under the influence of marijuana.

(2) No medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility, or entity with a transportation certification shall be owned, in whole or in part, or have as an officer, director, board member, manager, or employee, any individual with a disqualifying felony offense. A **"disqualifying felony offense"** is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the department determines that:

(a) The person's conviction was for the medical use of marijuana or assisting in the medical use of marijuana; or

(b) The person's conviction was for a nonviolent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses.

The department may consult with and rely on the records, advice and recommendations of the attorney general and the department of public safety, or their successor entities, in applying this subdivision.

(3) All medical marijuana cultivation facility, medical marijuana dispensary facility, and medical marijuana-infused products manufacturing facility licenses, entities with medical marijuana testing facility certifications, and entities with transportation certifications shall be held by entities that are majority owned, directly or indirectly, by natural persons who have been citizens of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, persons or entities outside the state of Missouri may own a minority stake, directly or indirectly, in such entities.

(4) No medical marijuana cultivation facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility shall manufacture, package or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between a marijuana or marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional department sanction, up to and including loss of license.

(5) All edible marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with dosage amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled as mandated by the department [, in a font size at least as large as the largest other font size used on the package,] as containing "Marijuana", or a "Marijuana-Infused Product". Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty.

(6) No individual shall serve as the primary caregiver for more than three qualifying patients.

(7) No qualifying patient shall consume marijuana for medical use in a public place, unless provided by law. Violation of this prohibition shall subject the violator to sanctions as provided by general law.

(8) No person shall extract resins from marijuana using dangerous materials or combustible gases without a medical marijuana-infused products manufacturing facility license. Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty and, if applicable, loss of their identification card, certificate, or license for up to one year.

(9) All qualifying patient cultivation shall take place in an enclosed, locked facility that is equipped with security devices that permit access only by the qualifying patient or by such patient's primary caregiver. Two qualifying patients, who both hold valid qualifying patient cultivation identification cards, may share one enclosed, locked facility. No more than twelve qualifying patient or primary caregiver cultivated flowering marijuana plants may be cultivated in a single, enclosed locked facility, except when a primary caregiver also holds a qualifying patient cultivation identification card, in which case no more than eighteen flowering marijuana plants may be cultivated in a single, enclosed, locked facility.

(10) No medical marijuana cultivation facility, medical marijuana dispensary facility, medical marijuana-infused products manufacturing facility, medical marijuana testing facility, or entity with a transportation certification shall assign, sell, give, lease, sublicense, or otherwise transfer its license or certificate to any other entity without the express consent of the department, not to be unreasonably withheld.

(11) Unless allowed by the local government, no new medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility shall be initially sited within one thousand feet of any then-existing elementary or secondary school, child day-care center, or church. No local

government shall prohibit medical marijuana cultivation facilities, medical marijuana testing facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities, or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana-infused products manufacturing facility, medical marijuana dispensary facility, or entity holding a transportation certification that may operate in such locality.

(12) Unless superseded by federal law or an amendment to this Constitution, a physician shall not certify a qualifying condition for a patient by any means other than providing a physician certification for the patient, whether handwritten, electronic, or in another commonly used format. [A qualifying patient must obtain a new physician certification at least annually.]

(13) A physician shall not issue a certification for the medical use of marijuana for a nonemancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. The department shall not issue a qualifying patient identification card on behalf of a nonemancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. Such card shall be issued to one of the parents or guardians and not directly to the patient. Only a parent or guardian may serve as a primary caregiver for a nonemancipated qualifying patient under the age of eighteen. Only the qualifying patient's parent or guardian shall purchase or possess medical marijuana for a nonemancipated qualifying patient under the age of eighteen. A parent or guardian shall supervise the administration of medical marijuana to a nonemancipated qualifying patient under the age of eighteen.

(14) Nothing in this section shall be construed as mandating health insurance coverage of medical marijuana for qualifying patient use.

(15) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for medical use or for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.

8. Severability.

The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.

9. Effective Date.

The provisions of this section shall become effective on December 6, 2018.

Section 2. Marijuana Legalization, Regulation, and Taxation

1. Purpose.

The purpose of this section is to make marijuana legal under state and local law for adults twenty-one years of age or older, and to control the commercial production and distribution of marijuana under a system that licenses, regulates, and taxes the businesses involved while protecting public health. The intent is to prevent arrest and penalty for personal possession and cultivation of limited amounts of marijuana by adults twenty-one years of age or older; remove the commercial production and distribution of marijuana from the illicit market; prevent revenue generated from commerce in marijuana from going to criminal enterprises; prevent the distribution of marijuana to persons under twenty-one years of age; prevent the diversion of marijuana to illicit markets; protect health by ensuring the safety of marijuana and products containing marijuana; and ensure the security of marijuana facilities. To the fullest extent possible, this section shall be interpreted in accordance with the purpose and intent set forth in this section.

This section is not intended to allow for the public use of marijuana, driving while intoxicated by marijuana, the use of marijuana in the workplace, or the use of marijuana by persons under twenty-one years of age.

2. Definitions.

(1) "Consumer" means a person who is at least twenty-one years of age.

(2) "Department" means the department of health and senior services, or its successor agency.

(3) "Entity" means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) "Flowering plant" means a marijuana plant from the time it exhibits the first signs of sexual maturity through harvest.

(5) "Local government" means, in the case of an incorporated area, a village, town, or city and, in the case of an unincorporated area, a county.

(6) "Marijuana" means *cannabis indica*, *cannabis sativa*, and *cannabis ruderalis*, hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana or cannabis, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" does not include industrial hemp including any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not with a delta-9 tetrahydrocannabinol concentration of not more than three-tenths of one percent on a dry weight basis, or commodities or products manufactured with industrial hemp, or any other ingredient combined with marijuana or marijuana to prepare topical or oral administrations, food, drink, or other products.

(7) "Marijuana accessories" means any equipment, product, material, or combination of equipment, products, or materials, which is specifically designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, containing, ingesting, inhaling, or otherwise introducing marijuana into the human body.

(8) "Marijuana Cultivation Facility" means an entity licensed by the department to acquire, cultivate, process, store, transport, and sell marijuana to a marijuana dispensary facility, marijuana testing facility, or to a marijuana-infused products manufacturing facility.

(9) "Marijuana Dispensary Facility" means an entity licensed by the department to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and marijuana accessories as provided for in this section to consumers.

(10) "Marijuana Facility" means a marijuana cultivation facility, marijuana dispensary facility, marijuana testing facility, a marijuana-infused products manufacturing facility, or a marijuana microbusiness facility, or any other type of marijuana-related facility or business licensed or certified by the department pursuant to this section.

(11) "Marijuana-Infused Products" means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(12) "Marijuana-Infused Products Manufacturing Facility" means an entity licensed by the department to acquire, store, manufacture, transport, and sell marijuana-infused products to a marijuana dispensary facility, a marijuana testing facility, or to another marijuana-infused products manufacturing facility.

(13) "Marijuana Microbusiness Facility" means an entity licensed to cultivate not more than one hundred and fifty flowering plants, process and package the marijuana it cultivates or that it obtains from another marijuana microbusiness facility, and acquire, store, transport, deliver, sell, or otherwise transfer marijuana and marijuana-infused products it cultivates and processes, or that it obtains from other marijuana microbusiness facilities, to marijuana dispensary facilities, marijuana testing facilities, other marijuana microbusiness facilities, or consumers.

(14) "Marijuana Testing Facility" means an entity certified by the department to acquire, test, certify, and transport marijuana.

(15) "Owner" means an officer, board member, or other individual who has a financial (other than a security interest, lien, or encumbrance) or voting interest in ten percent or greater of a marijuana facility.

(16) "Unduly burdensome" means that the measures necessary to comply with the rules or ordinances adopted pursuant to this section subject licensees or potential licensees to such a high investment of money, time, or any other resource or asset that a reasonably prudent businessperson would not operate the marijuana facility.

3. Limitations.

(1) Except as otherwise provided in this article, this section does not preclude, limit, or affect laws that assign liability relative to, prohibit, or otherwise regulate:

(a) Delivery or distribution of marijuana or marijuana accessories, with or without consideration, to a person younger than twenty-one years of age;

(b) Purchase, possession, use, or transport of marijuana or marijuana accessories by a person younger than twenty-one years of age;

(c) Consumption of marijuana by a person younger than twenty-one years of age;

(d) Operating or being in physical control of any motor vehicle, train, aircraft, motorboat, or other motorized form of transport while intoxicated by marijuana;

(e) Consumption of marijuana while operating or being in physical control of a motor vehicle, train, aircraft, motorboat, or other motorized form of transport, while it is being operated;

(f) Smoking marijuana within a motor vehicle, train, aircraft, motorboat, or other motorized form of transport while it is being operated;

(g) Possession or consumption of marijuana or possession of marijuana accessories on the grounds of a public or private preschool, elementary or secondary school, institution of higher education, in a school bus, or on the grounds of any correctional facility;

(h) Smoking marijuana in a location where smoking tobacco is prohibited;

(i) Consumption of marijuana in a public place, other than in an area licensed by the department for consumption;

(j) Conduct that endangers others;

(k) Undertaking any task while under the influence of marijuana, if doing so would constitute negligence or professional malpractice; or

(l) Performing solvent-based extractions on marijuana using solvents other than water, glycerin, propylene glycol, vegetable oil, or food grade ethanol, unless licensed for this activity by the department.

(2) This section does not limit any privileges, rights, immunities, or defenses of a person or entity as provided in section 1 of this article, or any other law of this state allowing for or regulating marijuana for medical use.

(3) This section does not require an employer to permit or accommodate conduct otherwise allowed by this section in any workplace or on the employer's property. This section does not prohibit an employer from disciplining an employee for violation of a workplace drug policy or for working while intoxicated by marijuana. This section does not prevent an employer from refusing to hire, discharging, disciplining, or otherwise taking an adverse employment action against a person with respect to hire, tenure, terms, conditions, or privileges of employment because of that person's violation of a workplace drug policy or because that person was working while intoxicated by marijuana.

(4) This section allows a person to prohibit or otherwise regulate the consumption, cultivation, distribution, processing, sale, or display of marijuana, marijuana-infused products, and marijuana accessories on private property the person owns, leases, occupies, or manages, except that a lease agreement executed after the enactment of this section may not prohibit a tenant from lawfully possessing and consuming marijuana by means other than smoking.

4. Regulation of Marijuana.

(1) In carrying out the implementation of this section, the department shall have the authority to:

(a) Grant or refuse state licenses for the cultivation, manufacture, dispensing, and sale of marijuana as provided by law; suspend, fine, restrict, or revoke such licenses upon a violation of this section or a rule promulgated pursuant to this section; and impose any reasonable administrative penalty authorized by this section or any rule promulgated pursuant to this section;

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana and for the enforcement of this section so long as such rules are reasonable and not unduly burdensome;

(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section;

(d) Require a seed-to-sale tracking system that tracks marijuana from either the seed or immature plant stage until the marijuana or marijuana-infused product is sold to a consumer to ensure that no marijuana grown by a marijuana cultivation facility or marijuana microbusiness facility or manufactured by a marijuana-infused products manufacturing facility or marijuana microbusiness facility is sold or otherwise transferred to a consumer except by a marijuana dispensary facility or a marijuana microbusiness facility. The department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees;

(e) Issue standards for the secure transportation of marijuana and marijuana-infused products. The department shall certify entities that demonstrate compliance with its transportation standards to transport marijuana and marijuana-infused products to a marijuana cultivation facility, marijuana-infused products manufacturing facility, marijuana dispensary facility, marijuana microbusiness facility, marijuana testing facility, or another entity with a transportation certification. The department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity licensed or certified pursuant to this section shall be allowed to transport its own inventory and products in compliance with department transportation rules;

(f) Promulgate rules and emergency rules specific to the licensing, regulation, and oversight of marijuana microbusiness facilities;

(g) Provide for the issuance of additional types or classes of licenses to operate marijuana-related businesses, including licenses that allow for only limited cultivation, processing, transportation, delivery, storage, sale, or purchase of marijuana, licenses that allow for the consumption of marijuana within designated, age-restricted areas, licenses that allow for cultivation for purposes of propagation, and licenses intended to facilitate scientific research or education;

(h) Prepare and transmit annually a publicly available report accounting to the governor, the general assembly, and the public for the efficient discharge of all responsibilities assigned to the department under this section;

(i) Establish a system to numerically score competing marijuana license and certificate applicants, only in cases where more applicants apply than the number of licenses available, in which scoring shall be limited to an analysis of the following:

(i) The character, veracity, background, qualifications, and relevant experience of principal officers or managers;

(ii) The business plan proposed by the applicant, which in the case of cultivation facilities and dispensaries shall include the ability to maintain an adequate supply of marijuana, and for all facilities shall include procedures to be used to prevent product diversion;

(iii) Site security;

(iv) In the case of licenses other than the microbusiness license, testing license, or certification types, previous experience as an owner or employee of a marijuana microbusiness facility;

(v) In the case of marijuana testing facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and potency and health care industry experience;

(vi) The potential for positive economic impact in the site community;

(vii) In the case of marijuana cultivation facilities and marijuana microbusiness facilities, capacity or experience with agriculture and horticulture;

(viii) In the case of marijuana dispensary facilities, the suitability of the proposed location for consumer access;

(ix) In the case of marijuana-infused products manufacturing facilities, capacity or experience with food and beverage manufacturing; and

(x) Maintaining competitiveness in the marijuana marketplace.

(j) In ranking applicants and awarding licenses and certificates, the department may consult or contract with other public agencies with relevant expertise regarding these factors.

(2) The department shall issue, at a minimum, the same number of marijuana cultivation facility licenses as are issued for medical marijuana cultivation facilities under section 1 of this article, the same number of marijuana-infused products manufacturing facility licenses as are issues for medical marijuana-infused products manufacturing facilities under section 1, the same number of marijuana dispensary facility licenses as are issued to medical marijuana dispensary facilities under section 1, in addition to the minimum number of marijuana microbusiness licenses as are required under this section. The department shall lift or ease any limit on the number of licensees or certificate holders in order to meet the demand for marijuana by consumers in the state and to ensure a competitive market while also preventing an over-concentration of marijuana facilities within the boundaries of any particular local government.

(3) If marijuana cultivation facility licenses, marijuana-infused products manufacturing facility licenses, or marijuana dispensary facility licenses become available so that the number of total licenses in any respective category falls below the minimum required under this article, section and subsection, the department shall first award the number of new licenses available to satisfy the minimum requirement to applicants who are qualified marijuana microbusiness license holders and who are at least fifty percent owned by natural persons who qualified as economically disadvantaged owners or disabled veterans at the time they applied for and received the marijuana microbusiness facility license, if such an applicant applies and qualifies for the license.

(4) The department may issue any rules or emergency rules necessary for the implementation and enforcement of this section and to ensure the right to, availability, and safe use of marijuana by consumers. In developing such rules or emergency rules, the department may consult or contract with other public agencies. In addition to any other rules or emergency rules necessary to carry out the mandates of this section, the department shall issue rules or emergency rules relating to the following subjects:

(a) Procedures for issuing a license and for renewing, suspending, and revoking a license;

(b) Qualifications for licensure that are directly and demonstrably related to the operation of a marijuana facility;

(c) Requirements and standards for safe cultivation, processing, and distribution of marijuana and marijuana-infused products by marijuana facilities, including health standards to ensure the safe preparation of marijuana-infused products and prohibitions on pesticides that are not safe for use on marijuana;

(d) Testing, packaging, and labeling standards, procedures, and requirements for marijuana and marijuana-infused products and a requirement that a representative sample of marijuana be tested by a marijuana testing facility to ensure public health;

(e) Labeling standards that protect public health by requiring the listing of pharmacologically active ingredients, including, but not limited to, tetrahydrocannabinol (THC), cannabidiol (CBD), and other cannabinoid content, the THC and other cannabinoid amount in milligrams per serving, and the number of servings per package;

(f) Requirements that packaging and labels shall not be made to be attractive to children and that marijuana and marijuana-infused products be sold in resealable, child-resistant packaging, to protect public health;

(g) Security requirements, including lighting, physical security, and alarm requirements, and requirements for securely transporting marijuana between marijuana facilities;

(h) Record keeping requirements for marijuana facilities and monitoring requirements to track the transfer of marijuana by licensees;

(i) Restrictions on advertising, marketing, and display of marijuana, marijuana-infused products, marijuana accessories, and marijuana facilities;

(j) A plan to promote and encourage ownership and employment in the marijuana industry by people from political subdivisions and districts that are economically distressed and to positively impact those political subdivisions and districts;

(k) Civil penalties for failure to comply with any rule promulgated pursuant to this section or for any violation of rules and regulations adopted pursuant to this section by a licensee, including civil fines and suspension, revocation, or restriction of a license. The licensee may choose to challenge any penalties imposed by the department through the Administrative Hearing Commission, or its successor entity. Pursuant to § 536.100 R.S.Mo., or successor provisions, any licensee who has exhausted all administrative remedies provided by law and who is aggrieved by a final decision in a contested case is entitled to judicial review;

(l) Reporting and transmittal of tax payments required under this section;

(m) Authorization for the department of revenue to have access to licensing information to ensure tax payment and the effective administration of this section; and

(n) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(5) The department shall issue rules or emergency rules for marijuana and marijuana-infused products independent testing and certification program for marijuana facility licensees and requiring licensees to test marijuana using one or more impartial, independent laboratory or laboratories to ensure, at a minimum, correct labeling, potency measurement, and that products sold for human consumption do not contain contaminants that are potentially injurious to public health.

(6) The department shall issue rules or emergency rules to provide for the certification of and standards for marijuana testing facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The department shall certify, if possible, at least two entities as marijuana testing facilities. No marijuana testing facility shall be owned by an entity under substantially common control, ownership, or management as a marijuana cultivation facility, marijuana-infused products manufacturing facility, marijuana microbusiness facility, or marijuana dispensary facility.

(7) All public records produced or retained pursuant to this section are subject to the general provisions of the Missouri Sunshine Law, as amended from time to time. Notwithstanding the foregoing, public records containing proprietary business information obtained from an applicant or licensee are subject to closure. The applicant or licensee shall label business information it believes to be proprietary prior to submitting it to the department. Proprietary business information shall include sales information, financial records, tax returns, credit reports, cultivation information unrelated to product safety, testing results unrelated to product safety, site security information and plans, and individualized consumer information. The presence of proprietary business information shall not justify the closure of public records:

(a) Identifying the applicant or licensee;

(b) Relating to any citation, notice of violation, tax delinquency, or other enforcement action;

(c) Relating to any public official's support or opposition relative to any applicant, licensee, or their proposed or actual operations;

(d) Where disclosure is reasonably necessary for the protection of public health or safety; or

(e) That are otherwise subject to public inspection under applicable law.

(8) Within two hundred and seventy days of the effective date of this section, the department shall make available to the public license application forms and application instructions for marijuana cultivation facilities, marijuana testing facilities, marijuana dispensary facilities, marijuana microbusiness facilities, marijuana-infused products manufacturing facilities, and any other license types and certifications it deems necessary.

(9) An entity may apply to the department for and obtain one or more licenses to grow marijuana as a marijuana cultivation facility. Each facility in operation shall require a separate license, but multiple licenses may be utilized in a single facility. Each indoor facility utilizing artificial lighting may be limited by the department to thirty thousand square feet of flowering plant canopy space. Each outdoor facility utilizing natural lighting may be limited by the department to two thousand eight hundred flowering plants. Each greenhouse facility using a combination of natural and artificial lighting may be limited by the department, at the election of the licensee, to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of ten thousand dollars per license application or renewal for all applicants filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of five thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of twenty-five thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than three marijuana cultivation facility licenses.

(10) An entity may apply to the department for and obtain one or more licenses to operate a marijuana dispensary facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than five marijuana dispensary facility licenses.

(11) An entity may apply to the department for and obtain one or more licenses to operate a marijuana-infused products manufacturing facility. Each facility in operation shall require a

separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than three marijuana-infused products manufacturing facility licenses.

(12) An entity may apply to the department for and obtain only one license to operate a marijuana microbusiness facility. A marijuana microbusiness facility license shall allow the licensee to be vertically integrated. A marijuana microbusiness facility licensee may engage in all of the activities allowed under the license or it may apply for and engage in a subset of the activities allowed, if the applicant or license holder so chooses. A marijuana microbusiness facility licensee may sell marijuana it cultivates, processes, and packages to any marijuana dispensary facility, any other marijuana microbusiness facility, or directly to consumers. A marijuana microbusiness facility may also process and sell to consumers marijuana and marijuana-infused products it obtains from another marijuana microbusiness facility. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of one thousand five hundred dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of two thousand five hundred dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of two thousand five hundred dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. An entity may not be an owner of more than one marijuana microbusiness facility license. An owner of a marijuana microbusiness facility may not also be an owner of another licensed marijuana facility or medical marijuana facility regulated under this article. However, the owner of a marijuana microbusiness facility may apply for a license or licenses for other marijuana or medical marijuana facilities under this article. If granted one or more of these licenses, the marijuana microbusiness facility owner may transition to other licensed operations on a reasonably practical timetable established by the department. In addition to other requirements established by this section, a marijuana microbusiness facility must be majority-owned by natural persons who have been citizens of the state of Missouri for at least one year prior to the application for such license. The majority owner or owners must be economically disadvantaged persons, as defined by the department, or disabled veterans, as defined by the department.

(13) The department may restrict the aggregate number of licenses granted for marijuana microbusiness facilities, provided, however, that the number may not be limited to fewer than the following number of licenses in each United States congressional district in the state of Missouri pursuant to the map of each of the eight congressional districts as drawn and effective on December 6, 2018:

_____(a) Six once the department begins issuing licenses for marijuana facilities under this subsection;

_____(b) An additional six following the first two hundred and seventy days after the department begins issuing licenses for marijuana facilities under this subsection; and

_____(c) An additional six after the first five hundred and forty-eight days after the department begins issuing licenses for marijuana facilities under this subsection, but only after the department conducts an analysis and determines that there is a market for additional microbusiness licenses.

Future changes to the boundaries or the number of congressional districts shall have no impact.

(14) The department shall begin accepting license and certification applications for marijuana dispensary facilities, marijuana testing facilities, marijuana cultivation facilities, marijuana-infused products manufacturing facilities, marijuana microbusiness facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than three hundred and sixty-five days after the effective date of this section. Applications for licenses under this section shall be approved or denied by the department no later than one hundred fifty days after their submission. If the department fails to carry out its non-discretionary duty to approve or deny an application within one hundred fifty days of submission, an applicant may immediately seek a court order compelling the department to approve or deny the application.

(15) With the exception of microbusiness licenses, and consistent with any limitations set forth in this section, for the first five hundred and forty-eight days after the department begins issuing license for marijuana facilities, the department may only issue a license:

(a) For a marijuana cultivation facility to an entity holding a medical marijuana cultivation facility license issued pursuant to section 1 of this article seeking licensure to operate a marijuana cultivation facility at the same location;

(b) For a marijuana dispensary facility to an entity holding a medical marijuana dispensary facility license issued pursuant to section 1 of this article seeking licensure to operate a marijuana dispensary facility at the same location;

(c) For a marijuana-infused products manufacturing facility to an entity holding a medical marijuana-infused products manufacturing facility license issued pursuant to section 1 of this article seeking licensure to operate a marijuana-infused product manufacturing facility at the same location; and

(d) For a marijuana testing facility to an entity holding a medical marijuana testing facility license issued pursuant to section 1 of this article seeking licensure to operate a marijuana testing facility at the same location.

(16) The department shall issue a license to each applicant for a marijuana facility pursuant to subdivision (15) of this subsection if the applicant is in good standing with the department and has reasonably complied with this article and all of the rules and regulations promulgated pursuant to this article.

(17) If an existing medical marijuana dispensary facility is located in a jurisdiction that bans marijuana dispensary facilities under this section, the medical marijuana dispensary facility may apply to the department for a marijuana dispensary license pursuant to subdivision (15) of this subsection in a new location, and such application shall be granted so long as the applicant meets all the requirements of this section and department regulation.

(18) For the first five hundred and forty-eight days after the department begins issuing licenses for marijuana facilities under this section, the department shall issue a license for a marijuana microbusiness facility to any qualified applicant consistent with the qualifications and limitations set forth in this section.

(19) A medical marijuana cultivation facility that is issued a marijuana cultivation facility license pursuant to subdivision (15) of this subsection is limited under both licenses to the total cultivation amount allowed pursuant to its medical marijuana facility license. A marijuana cultivation facility license issued pursuant to subdivision (15) of this subsection allows that entity to sell marijuana to medical marijuana facilities and marijuana facilities consistent with any limitations set forth in this section or department regulation.

(20) In addition to the foregoing, the department may issue a non-medical license pursuant to this section to a medical marijuana cultivation facility, medical marijuana-infused products manufacturing facility, or medical marijuana dispensary facility, only after the department determines that doing so will not limit or restrict access by qualifying patients, as defined in section 1 of this article, to an adequate supply of marijuana and marijuana-infused products at a reasonable cost.

(21) The department may not promulgate a rule prohibiting a marijuana facility from operating at the same location as a medical marijuana facility of the same license type operating pursuant to section 1 of this article.

(22) Marijuana facilities licensed to distribute marijuana, marijuana-infused products, and marijuana accessories directly to consumers pursuant to this section may also distribute marijuana, marijuana-infused products, and marijuana accessories to qualifying patients and primary caregivers consistent with section 1 of this article and department regulation.

(23) The department may charge a fee not to exceed five thousand dollars for any certification issued pursuant to this section.

(24) Until such time that federal law permits otherwise, all marijuana sold in Missouri shall be cultivated in a marijuana cultivation facility or a marijuana microbusiness facility located in Missouri. If allowed by federal law, marijuana may be exported from Missouri.

(25) Until such time that federal law permits otherwise, all marijuana-infused products sold in the state of Missouri shall be manufactured in a marijuana-infused products manufacturing facility or a marijuana microbusiness facility located in Missouri. If allowed by federal law, marijuana-infused products may be exported from Missouri.

(26) The denial of a license or license renewal by the department shall be appealable. The applicant may choose to challenge any denial by the department through the Administrative Hearing Commission, or successor entity. Pursuant to § 536.100 R.S.Mo., or successor provisions, any licensee who has exhausted all administrative remedies provided by law and who is aggrieved by a final decision in a contested case is entitled to judicial review.

(27) No elected official shall interfere directly or indirectly with the department's obligations and activities under this section.

(28) To minimize the potential for undue political influence in awarding licenses, the department shall review license applications using reasonable safeguards that ensure the name of the applicant and its principal owners, officers, and managers are not identified to the application scorers.

(29) The department shall have the sole authority within the state of Missouri to issue licenses for marijuana facilities and certifications pursuant to this section.

(30) The department shall not have the authority to promulgate, apply, or enforce any rule or regulation that is unduly burdensome or act to undermine the purposes of this section.

5. Local Control.

(1) Except as provided in this subsection, a local government may prohibit the operation of all non-medical retail marijuana facilities regulated under this section from being located within its jurisdiction through voter approval of a ballot question submitted to the qualified voters of the local government, provided that any ballot measure shall be voted on only during the regularly scheduled general election held on the first Tuesday after the first Monday in November of an even-numbered year starting in 2022, thereby avoiding any additional local governmental cost or expense. Until the first general election following the general election held November 3, 2020, a local government may through local ordinance temporarily prohibit non-medical retail marijuana facilities regulated under this section from being located within its jurisdiction. When a ballot question prohibiting non-medical retail marijuana facilities regulated under this section is submitted to voters, the following question shall be presented to the voters in the area subject to the prohibition, "Shall (insert name of local government) ban all non-medical retail marijuana facilities from being located within (insert name of local government and, where applicable, its "unincorporated areas") and forgo any additional related local tax revenue? ( ) Yes ( ) No." If a majority of the votes cast on the question by the qualified voters voting thereon are in favor of the question, then the ban shall go into effect as provided by law. If a question receives less than the required majority, then the jurisdiction shall have no power to ban new non-medical retail marijuana facilities regulated under this section, unless voters at a subsequent election on the first Tuesday after the first Monday in November of an even-numbered year approve a ban on new non-medical retail marijuana facilities submitted to them by the governing body. A local government may repeal an existing ban by its own ordinance or by a vote of the people, either through referral of a ballot question to the voters by the governing body or through citizen petition. In the case of a referral of a ballot question by the governing body or citizen's petition to repeal an existing ban, the question shall be voted on only during the regularly scheduled

general election held on the first Tuesday after the first Monday in November of an even-numbered year. A citizen's petition to repeal an existing ban shall be signed by at least five percent of the qualified voters in the area subject to the ban, determined on the basis of the number of votes cast for governor in such locale at the last gubernatorial election held prior to the filing of the petition. The local government shall count the petition signatures and give legal notice of the election as provided by applicable law. Denial of ballot access shall be subject to judicial review. Whether submitted by the governing body or by citizen's petition, the question shall be submitted in the following form: "Shall (insert name of local government) allow non-medical retail marijuana facilities to be located within (insert name of local government and where applicable, its "unincorporated areas") as regulated by state law? ( ) Yes ( ) No." If a majority of the votes cast on the question by the qualified voters voting thereon are in favor of the question, then the ban shall be repealed.

(2) Unless allowed by the local government, no new marijuana facility shall be initially sited within one thousand feet of any then-existing elementary or secondary school, child day-care center, or church. Except as otherwise provided in this subsection, no local government shall prohibit marijuana facilities or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a marijuana facility, or entity holding a transportation certification that may operate in such locality.

6. Taxation and Reporting.

(1) A tax shall be levied upon the retail sale of non-medical marijuana sold to consumers at marijuana facilities licensed pursuant to this section within the state. The tax shall be at a rate of fifteen percent of the retail price. The tax shall be collected by each licensed non-medical retail marijuana facility and paid to the department of revenue. After retaining no more than two percent of the total tax collected or its actual collection costs, whichever is less, amounts generated by the tax levied in this section shall be deposited by the department of revenue into the "Veterans, Infrastructure, and Health Fund") created under this subsection. Licensed entities making non-medical retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Veterans, Infrastructure, and Health Fund" which shall consist of taxes and fees collected under this section. The state treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The commissioner of administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall be distributed as follows:

(a) First, to the department, an amount necessary for the department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section;

(b) Next, distributed to the local government where the retail sale occurred, three-fifteenths of the remaining fund balance.

(c) After the distribution to the local government where the retail sale occurred, the remaining fund balance shall be distributed in thirds as follows:

(i) One-third of the remainder of the fund balance shall be transferred to the Missouri veterans commission and allied state agencies, as determined by

appropriation, exclusively for health care and other services for military veterans and their dependent families;

(ii) One-third of the remainder of the fund balance to the State Road Fund created under article IV, section 30b of this Constitution for constructing and maintaining an adequate system of connected state highways; and

(iii) One-third of the remainder of the fund balance to the department to provide grants to existing agencies and not-for-profit organizations, whether government or community-based, to increase access to evidence-based low-barrier drug addiction treatment, prioritizing medically proven treatment and overdose prevention and reversal methods and public or private treatment options with an emphasis on reintegrating recipients into their local communities, to support overdose prevention education, and to support job placement, housing, and counseling for those with substance use disorders. Agencies and organizations serving populations with the highest rates of drug-related overdose shall be prioritized to receive the grants.

(d) All monies from the taxes and fees authorized hereunder shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana, a record shall be kept by the seller of all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected, and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the department and the department of revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from and in addition to any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana.

(6) The fees and taxes provided for in this section shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

7. Additional Protections.

(1) A marijuana testing facility shall not be subject to civil or criminal prosecution, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(2) An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to any person related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(3) Actions and conduct by marijuana facilities licensed or otherwise certified by the department, or their employees or agents, as permitted by this section and in compliance with department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

(4) The department may not promulgate a rule that requires a consumer to provide a marijuana facility with identifying information other than identification to determine the consumer's age or requires the marijuana facility to acquire or record personal information about consumers other than information typically required in a retail transaction.

(5) It is the public policy of the state of Missouri that contracts related to marijuana that are entered into by marijuana facilities and those who allow property to be used by those entities, should be enforceable. It is the public policy of the state of Missouri that no contract entered into by marijuana facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to marijuana may be prohibited by federal law.

8. Legislation.

Nothing in this section shall limit the general assembly from enacting laws consistent with the purposes of this section.

9. Additional Provisions.

(1) No owner of a marijuana facility or entity with a transportation certification shall be an individual with a disqualifying felony offense. A "disqualifying felony offense" is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the department determines that:

(a) The person's conviction was for a marijuana offense, other than provision of marijuana to a minor; or

(b) The person's conviction was for a non-violent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses.

The department may consult with and rely on the records, advice, and recommendations of the attorney general and the department of public safety, or their successor entities, in carrying out the provisions of this subdivision.

(2) All marijuana facilities and certificates shall be held by entities that are majority owned, directly or indirectly, by natural persons who have been citizens of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, persons or entities outside the state of Missouri may own a minority stake, directly or indirectly, in such entities.

(3) No marijuana facility shall manufacture, package, or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between a marijuana or marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional department sanction, up to and including loss of license.

(4) No marijuana facility may sell edible marijuana-infused candy in shapes or packages that are attractive to children or that are easily confused with commercially sold candy that does not contain marijuana.

(5) All marijuana and marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with serving amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled, as mandated by the department, as containing "Marijuana," or a "Marijuana-Infused Product." Violation of this subdivision shall subject the violator to department sanctions, including an administrative penalty.

(6) A marijuana facility may not allow cultivation, processing, sale, or display of marijuana, marijuana-infused products, or marijuana accessories to be visible from a public place outside of the marijuana facility without the use of binoculars, aircraft, or other optical aids.

(7) A marijuana facility may not cultivate, process, test, or store marijuana at any location other than a physical address approved by the department and within an enclosed area that is secured in a manner that prevents access by persons not permitted by the marijuana facility to access the area.

(8) A marijuana facility shall secure every entrance to the facility so that access to areas containing marijuana is restricted to employees and other persons permitted by the marijuana facility to access the area and to agents of the department or state and local law enforcement officers and emergency personnel and shall secure its inventory and equipment during and after operating hours to deter and prevent theft of marijuana, marijuana-infused products, and marijuana accessories.

(9) No marijuana facility may refuse representatives of the department the right during the hours of operation to inspect the licensed premises or to audit the books and records of the marijuana facility.

(10) No marijuana facility may allow a person under twenty-one years of age to volunteer or work for the marijuana facility.

(11) No marijuana facility, or entity with a certification, shall assign, sell, give, lease, sublicense, or otherwise transfer its license or certificate to any other entity without the express consent of the department, not to be unreasonably withheld.

(12) To the fullest extent allowed by the Constitution of the United States, the Constitution of Missouri, and federal law, no unsolicited advertisements for marijuana, marijuana-infused products, or marijuana accessories are permitted and no off-site advertisement or marketing for marijuana, marijuana-infused products, or marijuana accessories may be placed on any billboard within the state or in any location exposed to view from a public place within one thousand feet of an elementary or secondary school, child daycare center, or church.

(13) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.

(14) No person shall extract resins from marijuana using dangerous materials or combustible gases without a marijuana-infused products manufacturing facility license. Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty and, if applicable, loss of certificate or license for up to one year.

10. Personal Use of Marijuana.

(1) Subject to the limitations in subsection 3 of this section, the following acts by a person at least twenty-one years of age are not unlawful and shall not be an offense under state law or the laws of any local government within the state or be subject to a civil fine, penalty, or sanction, or be a basis for detention, search, or arrest, or to deny any right or privilege, or to seize or forfeit assets under state law or the laws of any local government:

(a) Possessing, using, ingesting, inhaling, processing, transporting, delivering without consideration, or distributing without consideration one ounce or less of marijuana, except that not more than the equivalent of one ounce of marijuana, as determined by the department, may be in a concentrated form;

(b) Possessing, planting, cultivating, harvesting, drying, processing, or manufacturing one-half the number of plants a qualifying patient is permitted to cultivate pursuant to section 1 of this article and department regulation, provided:

a. The plants and any marijuana produced by the plants in excess of one ounce are kept at one private residence, are in a locked space, and are not visible by normal, unaided vision from a public place; and
b. Not more than twice the number of allowable plants under paragraph (b) of this subdivision are kept in or on the grounds of a private residence at one time.

(c) Assisting another person who is at least twenty-one years of age in, or allowing property to be used for, any of the acts permitted by this section; and

(d) Possessing, using, delivering, distributing, manufacturing, transferring, or selling to persons twenty-one years of age or older marijuana accessories.

(2) A person who, pursuant to this section, cultivates marijuana plants that are visible by normal, unaided vision from a public place is subject to a civil penalty not exceeding two hundred and fifty dollars and forfeiture of the marijuana.

(3) A person who, pursuant to this section, cultivates marijuana plants that are not kept in a locked space is subject to a civil penalty not exceeding two hundred and fifty dollars and forfeiture of the marijuana.

(4) A person who smokes marijuana in a public place, other than in an area licensed for such activity by the department, is subject to a civil penalty not exceeding one hundred dollars and forfeiture of the marijuana.

(5) A person who is under twenty-one years of age who possesses, uses, ingests, inhales, transports, delivers without consideration or distributes without consideration one ounce or less of marijuana, or possesses, delivers without consideration, or distributes without consideration marijuana accessories is subject to a civil penalty not to exceed one hundred dollars and forfeiture of the marijuana. Any such person shall be provided the option of attending up to four hours of drug education or counseling in lieu of the fine.

(6) Subject to the limitations of this section, a person who possesses not more than twice the amount of marijuana allowed pursuant to this subsection, produces not more than twice the amount of marijuana allowed pursuant to this subsection, delivers without receiving any consideration or remuneration to a person who is at least twenty-one years of age not more than twice the amount of marijuana allowed by this subsection, or possesses with intent to deliver not more than twice the amount of marijuana allowed by this subsection:

(a) For a first violation, is subject to an infraction punishable by a civil penalty not exceeding two hundred and fifty dollars and forfeiture of the marijuana;

(b) For a second violation, is subject to an infraction punishable by a civil penalty not exceeding five hundred dollars and forfeiture of the marijuana;

(c) For a third or subsequent violation, is subject to a misdemeanor punishable by a fine not exceeding one-thousand dollars and forfeiture of the marijuana; and

(d) For a person under twenty-one years of age, is subject to a civil penalty not to exceed two hundred and fifty dollars. Any such person shall be provided the option of attending up to eight hours of drug education or counseling in lieu of the fine.

(7) Any person currently serving a sentence for a conviction, whether by trial or open or negotiated plea, who would not have been guilty of an adult or juvenile offense, or who would have been guilty of a lesser adult or juvenile offense had sections 1 and 2 of this article been in effect at the time of the offense, may petition for a recall or dismissal of sentence before the trial court that entered the judgement of conviction in the person's case to request resentencing or dismissal consistent with sections 1 and 2 of this article with credit for time and supervision period already served and such petition shall be granted.

(8) A person arrested, charged, or found guilty, whether by trial or open or negotiated plea, for any offense that is no longer a crime after the effective dates of sections 1 and 2 of this article may apply for expungement upon the effective date of this section and such expungement shall be granted and the records expunged from all government records absent good cause for denial. The effect of such order shall be to restore such person to the status the person occupied prior to such arrest, plea or conviction and as if such event had never taken place. No person for whom such order has been entered shall be held thereafter under any provision of any law to be guilty of perjury or otherwise giving a false statement by reason of the person's failure to recite or acknowledge such arrest, plea, trial, conviction, or expungement in response to any inquiry made of the person for any purpose whatsoever, and no such inquiry shall be made for information relating to an expungement.

(9) A person shall not be denied adoption, custody, or visitation rights relative to a minor solely for conduct that is permitted by this section, unless the person's behavior is such that granting the rights is not in the best interests of the child, as determined by other applicable law and procedures.

(10) No person shall be denied access to or priority for an organ transplant for conduct that is permitted by this section.

11. Severability.

The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.

12. Effective Date.

The provisions of this section shall become effective on December 3, 2020, as provided by this Constitution.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 13, 2019

RECEIVED
SEP 13 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from DeeAnn Aull regarding a proposed constitutional amendment to Article IX, version 2 (2020-122)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by DeeAnn Aull on September 12, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2019 SEP 12 PM 2:04

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer:_____

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary _____

Address of Notary _____

(Seal)

20-122

NOTICE: The proposed amendment revises Article IX of the Constitution by amending Sections 1(a) and 3(b) and adopting two new sections to be known as Article IX, Sections 1(c) and 11.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article IX of the Constitution is revised by amending Sections 1(a) and 3(b), and adopting two new sections to be known as Article IX, Sections 1(c) and 11 to read as follows:

Section 1(a). A general diffusion of knowledge and intelligence being essential to the preservation of the rights and liberties of the people, [the general assembly shall establish and maintain] equality of educational opportunity, as described in this section, is a fundamental right. The general assembly shall ensure the equality of educational opportunity for all persons in this state through the establishment and maintenance of a uniformly regulated, thorough, appropriate, and adequate system of free public schools for the gratuitous instruction of all persons in this state within ages not in excess of twenty-one years as prescribed by law. The general assembly shall have an affirmative duty to adequately and equitably fund the free public schools established by this article.

Section 1(c). Any voluntary early childhood education program established by a publicly elected school board for persons between the ages of three and five years shall be funded as part of the free public schools established by this article.

Section 3(b). In event the public school fund provided and set apart by law for the support of free public schools, shall be insufficient to sustain free public schools that satisfy all requirements of this article [at least eight months in every year in each school district of the state], the general assembly shall [may] provide for such deficiency. Notwithstanding any other provision of law to the contrary, new or increased taxes or fees enacted by the general assembly for the purpose of funding free public schools as established in this article, are not subject to the provisions of article X of this constitution. [; but in] In no case shall there be set apart less than twenty-five percent of the state revenue, exclusive of interest and sinking fund, to be applied annually to the support of the free public schools. The provisions of this section and section 1(a) may be enforced by a private cause of action brought by or on behalf of any taxpayer, student of a public school, or school district within this state against the general assembly in a circuit court of proper venue and, if the suit is sustained, the plaintiff or plaintiffs shall receive from the state any costs, including attorneys' fees incurred by the plaintiff or plaintiffs in maintaining such suit.

Section 11. Appropriations made for the purpose of satisfying this article by the general assembly or any county, city, town, township, school district, or other municipal corporation shall only be to aid, support, or sustain the system of free public schools and in no event shall any appropriation be made, funds expended, or tax credits or other tax expenditures enacted after January 1, 2020 for the benefit of private schools. Nothing in this section shall prevent a contract for services between a public school and a private entity where necessary to meet the requirements of this article.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-122)

Subject

Initiative petition from DeeAnn Aull regarding a proposed constitutional amendment to Article IX. (Received September 13, 2019)

Date

October 3, 2019

Description

This proposal would amend Article IX of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Michael Podgursky, PhD provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated this provision seeks to create a private cause of action against the Missouri General Assembly with respect to enforcement of the provision's terms. To the extent a successful plaintiff may be entitled to costs, including attorneys' fees, incurred in maintaining their suit, there is the possibility of additional liability upon the State Legal Expense Fund ("LEF"). Similarly, if the Attorney General's Office is required to defend the General Assembly in such lawsuits, such representation could likely be accomplished with existing resources, though some amount of additional personnel services funding may be required to provide representation in these lawsuits. Neither the potential LEF exposure nor the additional amounts potentially required for personnel services can be estimated at this time.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated:

Section A. Article IX. Section 1(c)

Using FY 2019 K-12 enrollment of 880,025, adding two more grade level cohorts could result in an additional 135,388 students to be included in the Foundation Formula. Using an average attendance percentage of 94% this would result in an Average Daily Attendance (ADA) of 127,265 if all children ages 3 to 5 were enrolled in a full-time pre-kindergarten program. This 127,265 less the 6,872 pre-kindergarten ADA used in the FY 2021 budget projections results in 120,393 additional ADA to be included in the Foundation Formula payment. This could result in up to $767,505,375 additional dollars to be required to be paid out through the Foundation Formula.

(120,393 multiplied by the State Adequacy Target (SAT) of $6,375)

This is an estimate for an increase in the formula cost that would continue annually and have the potential to further increase in future years depending on various components of the foundation formula.

Officials the **Department of Higher Education and Workforce Development** indicated they report no cost for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated they assume no fiscal impact for this initiative petition.

Officials from the **Department of Revenue** indicated this initiative petition, as it is currently set forth, would have no impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact due to this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated an unknown fiscal impact could be realized if the general assembly were sued and ultimately found liable for any damages and/or fees.

Officials from the **Department of Conservation** indicated there is no anticipated fiscal impact (cost or savings) to their department associated with this initiative petition.

Officials from the **Department of Transportation** indicated this initiative petition would have no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal amends Article IX of the Constitution of Missouri by amending Sections 1(a) and 3(b) and adopting two new sections.

Proposed language in Section 1(a) requires the General Assembly to ensure the equality of educational opportunity for all persons in the State of Missouri through a uniformly regulated, thorough, appropriate, and adequate system of free public schools and to adequately and equitably fund free public schools.

Proposed language in Section 1(c) requires that voluntary early childhood education programs established by a public school board for children ages three to five years old be funded as part of free public schools. Currently, Section 163.018, RSMo, allows districts

to include three to five year olds in their Average Daily Attendance (ADA) up to a specified cap-- four percent of the total number of pupils who are eligible for Free and Reduced Price Lunch between the ages of five and eighteen. Budget and Planning (B&P) defers to the Department of Elementary and Secondary Education for the impact of this provision.

Proposed language in Section 3(b) states that new or increased taxes or fees enacted by the General Assembly for the purpose of funding free public schools are not subject to the provisions of Article X of the Missouri Constitution. B&P notes that Article X, Section 18(a-d) of the Missouri Constitution establishes a revenue and spending limit on state government. The limit is 5.6 percent of Missouri personal income, based on the relationship between personal income and total state revenues when the limit was established and approved by voters in November 1980. Calculations made pursuant to Article X of the Missouri Constitution show that total state revenues for Fiscal Year 2017 were below the total state revenue limit by over $4.1 billion. In addition, Article X, Section 18(e) of the Missouri Constitution states the General Assembly shall not increase taxes or fees in any fiscal year, without voter approval, that in total produce net new annual revenues greater than $50 million, adjusted annually by the percentage change in the personal income of Missouri for the second previous year, or one percent of total state revenues for the second fiscal year prior to the General Assembly's action, whichever is less. For Fiscal Year 2019, these calculations are $128.1 million for the personal income amount and $105.0 million for the one percent of total state revenues amount.

Proposed language in Section 11 prohibits any appropriation be made, funds expended, or tax credits or other tax expenditures enacted after January 1, 2020 for the benefit of private schools.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot

measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In (fiscal year) FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from **St. Louis County** indicated they do not see a fiscal impact upon their county in the event this is ultimately adopted.

Officials from the **City of Kansas City** indicated this proposed amendment will have no fiscal impact on their city.

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Of course, with any state law the devil is always in the details. If any of these initiatives (Initiative Petitions 20-117 through 20-122) pass the potential positive fiscal impact they would hope for is a stabilization of education funding that would guarantee that all schools receive equitable levels of resources. Some of these petitions call for fully funding pre-school programs. This would be a big boost to their bottom line. Some of these petitions call for a ban on the use of any public monies for any private schools. This will help protect the level of funding for public schools.

Their biggest concern with these petitions is that in order to reduce costs, an effort will be made to consolidate/eliminate small school districts, which will be (in their opinion) very detrimental to their small rural communities.

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Michael Podgursky, PhD provided the following information as an opponent of this initiative petition.

Missouri State Auditor Nicole Galloway, CPA
PO Box 869
Jefferson City, MO 65102
And via email to: moaudit.mo.gov; barb.wood@auditor.mo.gov;
paul.harper@auditor.mo.gov

RE: Fiscal Analysis for Initiative Petitions 117,118,119, 120, 121 and 122

Dear Auditor Galloway,

I am an opponent of the above initiative petitions and submit the following fiscal analysis pursuant to section 116.175 RSMo.

Fiscal Note

MNEA Petitions 117-122

Prepared by Michael Podgursky, PhD[1]

Petitions 117-122 amend the Missouri State Constitution in a variety of ways. In this fiscal note I focus on the two changes that have the most direct, and largest, potential fiscal consequences.

1. Adequacy

In all versions of the petitions, Section 1(a) of the Constitution is amended to change the duty of the state to provide "free" public schools, to provide "equality of educational opportunity for all persons in this state through the establishment and maintenance of uniformly regulated, thorough, appropriate, and adequate system of free public schools… The general assembly shall have an affirmative duty to adequately and equitably fund the free public schools established by this article."

On the face of it, addition of "thorough, appropriate, and adequate" do not have direct fiscal consequences. However, addition of these terms to the Constitution would very likely overturn the recent school finance court case (CEE vs MO, 2009), wherein the Missouri Supreme Court found that the current school funding formula had a rational basis in law, and, in particular, that there was no duty on the part of the legislature to provide an "adequate" level of spending beyond the 25 percent of revenue requirement:

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https://www.courtlistener.com/opinion/1789805/committee-for-educational-equality-v-state/

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The results of these exercises produced a minimum estimate (Baker) of $625,779,201 and a maximum estimate (Alexander) of $1,289,645,735.

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Three versions of the petitions (118, 120, 122) include the following amendment to the state Constitution:

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If this sentence, combined with the amended language regarding adequacy in 1(a), is interpreted as creating a right to free public preschool education in Missouri, this would produce a substantial increase in public K-12 expenditures. I have estimated these costs in the following manner. Using data from the 2017 American Community Survey I estimate that there are 204,182 children aged 3-5 eligible for this program.[4] I make two assumptions regarding the take-up rate: 60 percent and 90 percent.[5]

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3. Cost Summary

[4] 2017 is the most recent available ACS data. This estimate only includes five year olds who would not be eligible for public kindergarten.

[5] The currently 54 percent of 3 and 4 year olds participate in either public or private preschool. Since most of this is currently paid for by parents it is reasonable to assume that many of these parents would choose a free public option and many more, not currently participating, would do so as well.
https://nces.ed.gov/programs/digest/d18/tables/dt18_202.10.asp?current=yes

Table 1 provides fiscal estimates of the lower and upper bound of costs for each version of the petition based on whether it included just adequacy (A) or adequacy and preschool (A+P).

Sincerely,

/s/ *Michael Podgursky*

Michael Podgursky, PhD

Table 1: Summary Cost Calculations

Petition		Low	High
117	A	$625,779,201	$1,289,645,735
118	A+P	$1,399,546,172	$2,450,296,190
119	A	$625,779,201	$1,289,645,735
120	A+P	$1,399,546,172	$2,450,296,190
121	A	$625,779,201	$1,289,645,735
122	A+P	$1,399,546,172	$2,450,296,190

A = Adequacy only, A+P = Adequacy + Pre-school

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

Costs to the state are unknown but may be up to $2.45 billion annually. School districts may have a positive fiscal impact.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 13, 2019

RECEIVED
SEP 13 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from DeeAnn Aull regarding a proposed constitutional amendment to Article IX, version 1 (2020-121)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by DeeAnn Aull on September 12, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 SEP 12 PM 2:03
CASH

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer:_____

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary _____

Address of Notary _____

(Seal)

20-121

NOTICE: The proposed amendment revises Article IX of the Constitution by amending Sections 1(a) and 3(b) and adopting one new section to be known as Article IX, Section 11.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article IX of the Constitution is revised by amending Sections 1(a) and 3(b), and adopting one new section to be known as Article IX, Section 11 to read as follows:

Section 1(a). A general diffusion of knowledge and intelligence being essential to the preservation of the rights and liberties of the people, [the general assembly shall establish and maintain] equality of educational opportunity, as described in this section, is a fundamental right. The general assembly shall ensure the equality of educational opportunity for all persons in this state through the establishment and maintenance of a uniformly regulated, thorough, appropriate, and adequate system of free public schools for the gratuitous instruction of all persons in this state within ages not in excess of twenty-one years as prescribed by law. The general assembly shall have an affirmative duty to adequately and equitably fund the free public schools established by this article.

Section 3(b). In event the public school fund provided and set apart by law for the support of free public schools, shall be insufficient to sustain free public schools that satisfy all requirements of this article [at least eight months in every year in each school district of the state], the general assembly shall [may] provide for such deficiency. Notwithstanding any other provision of law to the contrary, new or increased taxes or fees enacted by the general assembly for the purpose of funding free public schools as established in this article, are not subject to the provisions of article X of this constitution. [; but in] In no case shall there be set apart less than twenty-five percent of the state revenue, exclusive of interest and sinking fund, to be applied annually to the support of the free public schools. The provisions of this section and section 1(a) may be enforced by a private cause of action brought by or on behalf of any taxpayer, student of a public school, or school district within this state against the general assembly in a circuit court of proper venue and, if the suit is sustained, the plaintiff or plaintiffs shall receive from the state any costs, including attorneys' fees incurred by the plaintiff or plaintiffs in maintaining such suit.

Section 11. Appropriations made for the purpose of satisfying this article by the general assembly or any county, city, town, township, school district, or other municipal corporation shall only be to aid, support, or sustain the system of free public schools and in no event shall any appropriation be made, funds expended, or tax credits or other tax expenditures enacted after January 1, 2020 for the benefit of private schools. Nothing in this section shall prevent a contract for services between a public school and a private entity where necessary to meet the requirements of this article.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-121)

Subject

Initiative petition from DeeAnn Aull regarding a proposed constitutional amendment to Article IX. (Received September 13, 2019)

Date

October 3, 2019

Description

This proposal would amend Article IX of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Michael Podgursky, PhD provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated this provision seeks to create a private cause of action against the Missouri General Assembly with respect to enforcement of the provision's terms. To the extent a successful plaintiff may be entitled to costs, including attorneys' fees, incurred in maintaining their suit, there is the possibility of additional liability upon the State Legal Expense Fund ("LEF"). Similarly, if the Attorney General's Office is required to defend the General Assembly in such lawsuits, such representation could likely be accomplished with existing resources, though some amount of additional personnel services funding may be required to provide representation in these lawsuits. Neither the potential LEF exposure nor the additional amounts potentially required for personnel services can be estimated at this time.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated a total estimated net effect on all state funds of $0 for fiscal year 2020, $0 for fiscal year 2021, and $0 for fiscal year 2022.

Officials the **Department of Higher Education and Workforce Development** indicated they report no cost for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated they assume no fiscal impact for this initiative petition.

Officials from the **Department of Revenue** indicated this initiative petition, as it is currently set forth, would have no impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact due to this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated an unknown fiscal impact could be realized if the general assembly were sued and ultimately found liable for any damages and/or fees.

Officials from the **Department of Conservation** indicated there is no anticipated fiscal impact (cost or savings) to their department associated with this initiative petition.

Officials from the **Department of Transportation** indicated this initiative petition would have no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal amends Article IX of the Constitution of Missouri by amending Sections 1(a) and 3(b) and adopting one new section.

Proposed language in Section 1(a) requires the General Assembly to ensure the equality of educational opportunity for all persons in the State of Missouri through a uniformly regulated, thorough, appropriate, and adequate system of free public schools and to adequately and equitably fund free public schools.

Proposed language in Section 3(b) states that new or increased taxes or fees enacted by the General Assembly for the purpose of funding free public schools are not subject to the provisions of Article X of the Missouri Constitution. Budget and Planning (B&P) notes that Article X, Section 18(a-d) of the Missouri Constitution establishes a revenue and spending limit on state government. The limit is 5.6 percent of Missouri personal income, based on the relationship between personal income and total state revenues when the limit was established and approved by voters in November 1980. Calculations made pursuant to Article X of the Missouri Constitution show that total state revenues for Fiscal Year 2017 were below the total state revenue limit by over $4.1 billion. In addition, Article X, Section 18(e) of the Missouri Constitution states the General Assembly shall not increase taxes or fees in any fiscal year, without voter approval, that in total produce net new annual revenues greater than $50 million, adjusted annually by the percentage change in the personal income of Missouri for the second previous year, or one percent of total state revenues for the second fiscal year prior to the General Assembly's action, whichever is less. For Fiscal Year 2019, these calculations are $128.1 million for the personal income amount and $105.0 million for the one percent of total state revenues amount.

Proposed language in Section 11 prohibits any appropriation be made, funds expended, or tax credits or other tax expenditures enacted after January 1, 2020 for the benefit of private schools.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In (fiscal year) FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from **St. Louis County** indicated they do not see a fiscal impact upon their county in the event this is ultimately adopted.

Officials from the **City of Kansas City** indicated this proposed amendment will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated if this petition were to be voted on and passed, it would appear to have a positive fiscal impact on their school's finances. However, it appears to be setting the stage for some sort of general tax increase to raise the needed revenues. They are also concerned that this may lead to a strong push to consolidate small schools that would be very detrimental to the wellbeing of many of the small rural communities, as well as putting kids on buses for a longer period of time than they already are.

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PO Box 869
Jefferson City, MO 65102
And via email to: moaudit.mo.gov; barb.wood@auditor.mo.gov;
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[1] Chancellor's Professor of Economics, University of Missouri – Columbia and Director, Sinquefield Center for Applied Economic Research, Saint Louis University.

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Regarding cost per student, I use the current state adequacy rate ($6,316). This gives a range of cost estimates from a low (60 percent take-up) of $773,766,970 to a high (90 percent take up) of $1,160,650,455.

3. Cost Summary

[4] 2017 is the most recent available ACS data. This estimate only includes five year olds who would not be eligible for public kindergarten.

[5] The currently 54 percent of 3 and 4 year olds participate in either public or private preschool. Since most of this is currently paid for by parents it is reasonable to assume that many of these parents would choose a free public option and many more, not currently participating, would do so as well.
https://nces.ed.gov/programs/digest/d18/tables/dt18_202.10.asp?current=yes

Table 1 provides fiscal estimates of the lower and upper bound of costs for each version of the petition based on whether it included just adequacy (A) or adequacy and preschool (A+P).

Sincerely,

/s/ *Michael Podgursky*

Michael Podgursky, PhD

Table 1: Summary Cost Calculations

Petition		Low	High
117	A	$625,779,201	$1,289,645,735
118	A+P	$1,399,546,172	$2,450,296,190
119	A	$625,779,201	$1,289,645,735
120	A+P	$1,399,546,172	$2,450,296,190
121	A	$625,779,201	$1,289,645,735
122	A+P	$1,399,546,172	$2,450,296,190

A = Adequacy only, A+P = Adequacy + Pre-school

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

Costs to the state are unknown but may be up to $1.29 billion annually. School districts may have a positive fiscal impact.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 10, 2019

RECEIVED
SEP 10 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from DeeAnn Aull regarding a proposed constitutional amendment to Article IX, version 4 (2020-120)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by DeeAnn Aull on September 9, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 SEP -9 PM 12:16

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer:_____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Signature of Notary _____

Address of Notary _____

(Seal)

20-120

NOTICE: The proposed amendment revises Article IX of the Constitution by amending Sections 1(a) and 3(b) and adopting two new sections to be known as Article IX, Sections 1(c) and 11.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article IX of the Constitution is revised by amending Sections 1(a) and 3(b), and adopting two new sections to be known as Article IX, Sections 1(c) and 11 to read as follows:

Section 1(a). A general diffusion of knowledge and intelligence being essential to the preservation of the rights and liberties of the people, [the general assembly shall establish and maintain] equality of educational opportunity, as described in this section, is a fundamental right. The general assembly shall ensure the equality of educational opportunity for all persons in this state through the establishment and maintenance of a uniformly regulated, thorough, appropriate, and adequate system of free public schools governed by publicly elected school boards for the gratuitous instruction of all persons in this state within ages not in excess of twenty-one years as prescribed by law. The general assembly shall have an affirmative duty to adequately and equitably fund the free public schools established by this article.

Section 1(c). Any voluntary early childhood education program established by a publicly elected school board for persons between the ages of three and five years shall be funded as part of the free public schools established by this article.

Section 3(b). In event the public school fund provided and set apart by law for the support of free public schools, shall be insufficient to sustain free public schools that satisfy all requirements of this article [at least eight months in every year in each school district of the state], the general assembly shall [may] provide for such deficiency. Notwithstanding any other provision of law to the contrary, new or increased taxes or fees enacted by the general assembly for the purpose of funding free public schools as established in this article, are not subject to the provisions of article X of this constitution. [; but in] In no case shall there be set apart less than twenty-five percent of the state revenue, exclusive of interest and sinking fund, to be applied annually to the support of the free public schools. For the purpose of calculating state income tax rates, state net general revenue shall not include funds used solely to meet the requirements of providing free public schools. The provisions of this section and section 1(a) may be enforced by a private cause of action brought by or on behalf of any taxpayer, student of a public school, or school district within this state against the general assembly in a circuit court of proper venue and, if the suit is sustained, the plaintiff or plaintiffs shall receive from the state any costs, including attorneys' fees incurred by the plaintiff or plaintiffs in maintaining such suit.

Section 11. Appropriations made for the purpose of satisfying this article by the general assembly or any county, city, town, township, school district, or other municipal corporation shall only be to aid, support, or sustain the system of free public schools and in no event shall any appropriation be made, funds expended, or tax credits or other tax expenditures enacted after January 1, 2020 for the benefit of private schools. Nothing in this section shall prevent a contract for services between a public school and a private entity where necessary to meet the requirements of this article.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-120)

Subject

Initiative petition from DeeAnn Aull regarding a proposed constitutional amendment to Article IX. (Received September 10, 2019)

Date

September 30, 2019

Description

This proposal would amend Article IX of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Michael Podgursky, PhD provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated this provision seeks to create a private cause of action against the Missouri General Assembly with respect to enforcement of the provision's terms. To the extent a successful plaintiff may be entitled to costs, including attorneys' fees, incurred in maintaining their suit, there is the possibility of additional liability upon the State Legal Expense Fund ("LEF"). Similarly, if the Attorney General's Office is required to defend the General Assembly in such lawsuits, such representation could likely be accomplished with existing resources, though some amount of additional personnel services funding may be required to provide representation in these lawsuits. Neither the potential LEF exposure nor the additional amounts potentially required for personnel services can be estimated at this time.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated:

Section A. Article IX. Section 1(c)

Using FY 2019 K-12 enrollment of 880,025, adding two more grade level cohorts could result in an additional 135,388 students to be included in the Foundation Formula. Using an average attendance percentage of 94% this would result in an Average Daily Attendance (ADA) of 127,265 if all children ages 3 to 5 were enrolled in a full-time pre-kindergarten program. This 127,265 less the 6,872 pre-kindergarten ADA used in the FY 2021 budget projections results in 120,393 additional ADA to be included in the Foundation Formula payment. This could result in up to $767,505,375 additional dollars to be required to be paid out through the Foundation Formula.

(120,393 multiplied by the State Adequacy Target (SAT) of $6,375)

This is an estimate for an increase in the formula cost that would continue annually and have the potential to further increase in future years depending on various components of the foundation formula.

Officials the **Department of Higher Education and Workforce Development** indicated they report no cost for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition, as it is currently set forth, would have no impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact due to this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated an unknown fiscal impact could be realized if the general assembly were sued and ultimately found liable for any damages and/or fees.

Officials from the **Department of Conservation** indicated there is no anticipated fiscal impact (cost or savings) to their department associated with this initiative petition.

Officials from the **Department of Transportation** indicated this fiscal note is anticipated to have no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal amends Article IX of the Constitution of Missouri by amending Sections 1(a) and 3(b) and adopting two new sections.

Proposed language in Section 1(a) requires the General Assembly to ensure the equality of educational opportunity for all persons in the State of Missouri through a uniformly regulated, thorough, appropriate, and adequate system of free public schools and to adequately and equitably fund free public schools.

Proposed language in Section 1(c) requires that voluntary early childhood education programs established by a public school board for children ages three to five years old be funded as part of free public schools. Currently, Section 163.018, RSMo, allows districts

to include three to five year olds in their Average Daily Attendance (ADA) up to a specified cap-- four percent of the total number of pupils who are eligible for Free and Reduced Price Lunch between the ages of five and eighteen. Budget and Planning (B&P) defers to the Department of Elementary and Secondary Education for the impact of this provision.

Proposed language in Section 3(b) states that new or increased taxes or fees enacted by the General Assembly for the purpose of funding free public schools are not subject to the provisions of Article X of the Missouri Constitution. B&P notes that Article X, Section 18(a-d) of the Missouri Constitution establishes a revenue and spending limit on state government. The limit is 5.6 percent of Missouri personal income, based on the relationship between personal income and total state revenues when the limit was established and approved by voters in November 1980. Calculations made pursuant to Article X of the Missouri Constitution show that total state revenues for Fiscal Year 2017 were below the total state revenue limit by over $4.1 billion. In addition, Article X, Section 18(e) of the Missouri Constitution states the General Assembly shall not increase taxes or fees in any fiscal year, without voter approval, that in total produce net new annual revenues greater than $50 million, adjusted annually by the percentage change in the personal income of Missouri for the second previous year, or one percent of total state revenues for the second fiscal year prior to the General Assembly's action, whichever is less. For Fiscal Year 2019, these calculations are $128.1 million for the personal income amount and $105.0 million for the one percent of total state revenues amount.

Proposed language in Section 3(b) further specifies that for the purpose of state income tax rate calculations, state net general revenue shall not include funds used solely to meet the requirements of providing free public schools. This provision could impact the calculation pursuant to SB 509 (2014) contained in Section 143.011, RSMo, as well as future changes to state income tax rates. Section 143.011, RSMo, contains an automatic income tax reduction when the previous fiscal year's net general revenue collections exceed the highest of the three prior fiscal years by at least $150 million. It is unclear what "funds used solely to meet the requirements of providing free public schools" would encompass. If this means that GR expenditures made toward providing free public schools are deducted from the net general revenue calculation, the proposed language would reduce the amount of state net general revenue used in determining whether the growth trigger pursuant to Section 143.011, RSMo, has been met. The following table details historical GR expenditures on the provision of free public schools:

Historical Spending on Free Public Schools	
Fiscal Year	**GR Expenditures**
FY 2016	$2,229,988,335
FY 2017	$2,278,929,780
FY 2018	$2,336,487,108
FY 2019	$2,445,388,593
FY 2020 Approp	$2,480,877,793

Proposed language in Section 11 prohibits any appropriation be made, funds expended, or tax credits or other tax expenditures enacted after January 1, 2020 for the benefit of private schools.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In (fiscal year) FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from **St. Louis County** indicated they do not see that this initiative petition, if voter-approved and adopted, would have a fiscal impact on the operations of their county government.

Officials from the **City of Kansas City** indicated this initiative petition will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated if this petition were to be voted on and passed, it would appear to have a positive fiscal impact on their school's finances. However, it appears to be setting the stage for some sort of general tax increase to raise the needed revenues. They are also concerned that this may lead to a strong push to consolidate small schools that would be very detrimental to the wellbeing of many of the small rural communities, as well as putting kids on buses for a longer period of time than they already are.

Of course, with any state law the devil is always in the details. If any of these initiatives (Initiative Petitions 20-117 through 20-122) pass the potential positive fiscal impact they would hope for is a stabilization of education funding that would guarantee that all schools receive equitable levels of resources. Some of these petitions call for fully funding pre-school programs. This would be a big boost to their bottom line. Some of these petitions call for a ban on the use of any public monies for any private schools. This will help protect the level of funding for public schools.

Their biggest concern with these petitions is that in order to reduce costs, an effort will be made to consolidate/eliminate small school districts, which will be (in their opinion) very detrimental to their small rural communities.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Michael Podgursky, PhD provided the following information as an opponent of this initiative petition.

Missouri State Auditor Nicole Galloway, CPA
PO Box 869
Jefferson City, MO 65102
And via email to: moaudit.mo.gov; barb.wood@auditor.mo.gov;
paul.harper@auditor.mo.gov

RE: Fiscal Analysis for Initiative Petitions 117,118,119, 120, 121 and 122

Dear Auditor Galloway,

I am an opponent of the above initiative petitions and submit the following fiscal analysis pursuant to section 116.175 RSMo.

Fiscal Note

MNEA Petitions 117-122

Prepared by Michael Podgursky, PhD[1]

Petitions 117-122 amend the Missouri State Constitution in a variety of ways. In this fiscal note I focus on the two changes that have the most direct, and largest, potential fiscal consequences.

1. Adequacy

In all versions of the petitions, Section 1(a) of the Constitution is amended to change the duty of the state to provide "free" public schools, to provide "equality of educational opportunity for all persons in this state through the establishment and maintenance of uniformly regulated, thorough, appropriate, and adequate system of free public schools… The general assembly shall have an affirmative duty to adequately and equitably fund the free public schools established by this article."

On the face of it, addition of "thorough, appropriate, and adequate" do not have direct fiscal consequences. However, addition of these terms to the Constitution would very likely overturn the recent school finance court case (CEE vs MO, 2009), wherein the Missouri Supreme Court found that the current school funding formula had a rational basis in law, and, in particular, that there was no duty on the part of the legislature to provide an "adequate" level of spending beyond the 25 percent of revenue requirement:

Notably, the introductory clause in section 1(a) concerning the "diffusion of knowledge" outlines the purpose and subject of Missouri's public education system. But, it provides no specific

[1] Chancellor's Professor of Economics, University of Missouri – Columbia and Director, Sinquefield Center for Applied Economic Research, Saint Louis University.

directive or standard for how the State must accomplish a "diffusion of knowledge." Plaintiffs are attempting to read a separate funding requirement into section 1(a) that would require the legislature to provide "adequate" education funding in excess of the 25-percent requirement contained in section 3(b). Such language does not exist.

https://www.courtlistener.com/opinion/1789805/committee-for-educational-equality-v-state/

In CEE vs MO, the plaintiffs commissioned reports and provided testimony from a variety of experts who opined regarding the shortcomings of Missouri school spending and what an "adequate" education would cost in Missouri. Two witnesses in particular provided evidence of overall costs using two different methods (professional judgement panels and cost functions) to provide quantitative dollar value gaps between current expenditures and "adequate" expenditures.

Since it is the clear intent of the petitioners to open the door to future "adequacy" lawsuits and overturn CEE vs MO, a reasonable estimate of the fiscal cost of such a Constitutional change would be to update these adequacy estimates (i.e., expenditure shortfalls) from the 2008 trial. This is based on the assumption, implied in the quote above, that had this language been in the Constitution in 2008, the plaintiffs would have won, and the adequacy estimates provided by their experts would have formed the basis for a remedy. Indeed, this is what has occurred in numerous other school finance lawsuits in states where plaintiffs have won.

Based on "professional judgement" panels in Missouri, and evidence from other states, Dr. Kern Alexander stated in his trial testimony (p. 7525, and elsewhere) that Missouri was roughly one billion dollars short of adequate spending in academic year 2005-06.[2] Thus, in one set of estimates I update Alexander's estimate to 2019.

A second adequacy estimate was provided by Dr. Bruce Baker. Baker estimated "education cost functions" and used them to compute a measure of adequate expenditures district by district.[3] I took the excel file he submitted with his report and totaled the expenditure shortfall for all districts he determined to have had inadequate spending in 2004-05. This totaled $466,370,600.

I then updated both of these estimates to Fall 2019 values in the following ways.

- Enrollment adjustment. Total Missouri public school enrollment has fallen slightly since 2004-05 when these estimates were made. I assume that this would lower both cost estimates by a factor of .993

[2] Testimony of Dr. Kern Alexander. CEE vs MO. Testimony. Feb 21, 2007. Vol. 30, p 7525.

[3] Bruce D. Baker. 2006. Missouri's School Finance Formula Fails to Guarantee Equal or Minimally Adequate Educational Opportunity to Missouri Schoolchildren. Report Prepared on Behalf of Committee for Educational Equality.

- CPI Inflation adjustment. In one set of estimates I simply updated these figures (after enrollment adjustment) to Fall, 2019 values using inflation estimates based on the BLS Consumer Price Index. This resulted in an adjustment factor of 1.35 for Baker and 1.29 for Alexander.
- Relative spending adjustment. It may be that the relevant inflation adjustment is not household consumer prices, but Missouri school operating expenditures (e.g. reflecting educator salaries and benefits and other school input costs). In this case, I computed the Alexander and Baker estimates of the shortfall of current expenditures in 2005 and 2006 (13.2 and 6.6 percent respectively) and applied them to estimated Fall, 2019 current operating expenditures along with the enrollment adjustment noted above.

The results of these exercises produced a minimum estimate (Baker) of $625,779,201 and a maximum estimate (Alexander) of $1,289,645,735.

2. Free Early Childhood Education

Three versions of the petitions (118, 120, 122) include the following amendment to the state Constitution:

Section 1 (c) Any voluntary early childhood education program established by a publically funded elected school board for persons between the ages of three and five years shall be funded as part of the free public schools established by this article.

If this sentence, combined with the amended language regarding adequacy in 1(a), is interpreted as creating a right to free public preschool education in Missouri, this would produce a substantial increase in public K-12 expenditures. I have estimated these costs in the following manner. Using data from the 2017 American Community Survey I estimate that there are 204,182 children aged 3-5 eligible for this program.[4] I make two assumptions regarding the take-up rate: 60 percent and 90 percent.[5]

Regarding cost per student, I use the current state adequacy rate ($6,316). This gives a range of cost estimates from a low (60 percent take-up) of $773,766,970 to a high (90 percent take up) of $1,160,650,455.

3. Cost Summary

[4] 2017 is the most recent available ACS data. This estimate only includes five year olds who would not be eligible for public kindergarten.

[5] The currently 54 percent of 3 and 4 year olds participate in either public or private preschool. Since most of this is currently paid for by parents it is reasonable to assume that many of these parents would choose a free public option and many more, not currently participating, would do so as well.
https://nces.ed.gov/programs/digest/d18/tables/dt18_202.10.asp?current=yes

Table 1 provides fiscal estimates of the lower and upper bound of costs for each version of the petition based on whether it included just adequacy (A) or adequacy and preschool (A+P).

Sincerely,

/s/ *Michael Podgursky*

Michael Podgursky, PhD

Table 1: Summary Cost Calculations

Petition		Low	High
117	A	$625,779,201	$1,289,645,735
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A = Adequacy only, A+P = Adequacy + Pre-school

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities anticipate possible changes to state general revenue of an unknown amount. Costs to the state are unknown but may be up to $2.45 billion annually. School districts may have a positive fiscal impact.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 10, 2019

RECEIVED
SEP 10 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from DeeAnn Aull regarding a proposed constitutional amendment to Article IX, version 3 (2020-119)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by DeeAnn Aull on September 9, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2019 SEP -9 PM 12: 15

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
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10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer:_____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Signature of Notary _____

Address of Notary _____

(Seal)

20-119

NOTICE: The proposed amendment revises Article IX of the Constitution by amending Sections 1(a) and 3(b) and adopting one new section to be known as Article IX, Section 11.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article IX of the Constitution is revised by amending Sections 1(a) and 3(b), and adopting one new section to be known as Article IX, Section 11 to read as follows:

Section 1(a). A general diffusion of knowledge and intelligence being essential to the preservation of the rights and liberties of the people, [the general assembly shall establish and maintain] equality of educational opportunity, as described in this section, is a fundamental right. The general assembly shall ensure the equality of educational opportunity for all persons in this state through the establishment and maintenance of a uniformly regulated, thorough, appropriate, and adequate system of free public schools governed by publicly elected school boards for the gratuitous instruction of all persons in this state within ages not in excess of twenty-one years as prescribed by law. The general assembly shall have an affirmative duty to adequately and equitably fund the free public schools established by this article.

Section 3(b). In event the public school fund provided and set apart by law for the support of free public schools, shall be insufficient to sustain free public schools that satisfy all requirements of this article [at least eight months in every year in each school district of the state], the general assembly shall [may] provide for such deficiency. Notwithstanding any other provision of law to the contrary, new or increased taxes or fees enacted by the general assembly for the purpose of funding free public schools as established in this article, are not subject to the provisions of article X of this constitution. [; but in] In no case shall there be set apart less than twenty-five percent of the state revenue, exclusive of interest and sinking fund, to be applied annually to the support of the free public schools. For the purpose of calculating state income tax rates, state net general revenue shall not include funds used solely to meet the requirements of providing free public schools. The provisions of this section and section 1(a) may be enforced by a private cause of action brought by or on behalf of any taxpayer, student of a public school, or school district within this state against the general assembly in a circuit court of proper venue and, if the suit is sustained, the plaintiff or plaintiffs shall receive from the state any costs, including attorneys' fees incurred by the plaintiff or plaintiffs in maintaining such suit.

Section 11. Appropriations made for the purpose of satisfying this article by the general assembly or any county, city, town, township, school district, or other municipal corporation shall only be to aid, support, or sustain the system of free public schools and in no event shall any appropriation be made, funds expended, or tax credits or other tax expenditures enacted after January 1, 2020 for the benefit of private schools. Nothing in this section shall prevent a contract for services between a public school and a private entity where necessary to meet the requirements of this article.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-119)

Subject

Initiative petition from DeeAnn Aull regarding a proposed constitutional amendment to Article IX. (Received September 10, 2019)

Date

September 30, 2019

Description

This proposal would amend Article IX of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Michael Podgursky, PhD provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated this provision seeks to create a private cause of action against the Missouri General Assembly with respect to enforcement of the provision's terms. To the extent a successful plaintiff may be entitled to costs, including attorneys' fees, incurred in maintaining their suit, there is the possibility of additional liability upon the State Legal Expense Fund ("LEF"). Similarly, if the Attorney General's Office is required to defend the General Assembly in such lawsuits, such representation could likely be accomplished with existing resources, though some amount of additional personnel services funding may be required to provide representation in these lawsuits. Neither the potential LEF exposure nor the additional amounts potentially required for personnel services can be estimated at this time.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated a total estimated net effect on all state funds of $0 for fiscal year 2020, $0 for fiscal year 2021, and $0 for fiscal year 2022.

Officials the **Department of Higher Education and Workforce Development** indicated they report no cost for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition, as it is currently set forth, would have no impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact due to this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated an unknown fiscal impact could be realized if the general assembly were sued and ultimately found liable for any damages and/or fees.

Officials from the **Department of Conservation** indicated there is no anticipated fiscal impact (cost or savings) to their department associated with this initiative petition.

Officials from the **Department of Transportation** indicated this fiscal note is anticipated to have no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal amends Article IX of the Constitution of Missouri by amending Sections 1(a) and 3(b) and adopting one new section.

Proposed language in Section 1(a) requires the General Assembly to ensure the equality of educational opportunity for all persons in the State of Missouri through a uniformly regulated, thorough, appropriate, and adequate system of free public schools and to adequately and equitably fund free public schools.

Proposed language in Section 3(b) states that new or increased taxes or fees enacted by the General Assembly for the purpose of funding free public schools are not subject to the provisions of Article X of the Missouri Constitution. Budget and Planning (B&P) notes that Article X, Section 18(a-d) of the Missouri Constitution establishes a revenue and spending limit on state government. The limit is 5.6 percent of Missouri personal income, based on the relationship between personal income and total state revenues when the limit was established and approved by voters in November 1980. Calculations made pursuant to Article X of the Missouri Constitution show that total state revenues for Fiscal Year 2017 were below the total state revenue limit by over $4.1 billion. In addition, Article X, Section 18(e) of the Missouri Constitution states the General Assembly shall not increase taxes or fees in any fiscal year, without voter approval, that in total produce net new annual revenues greater than $50 million, adjusted annually by the percentage change in the personal income of Missouri for the second previous year, or one percent of total state revenues for the second fiscal year prior to the General Assembly's action, whichever is less. For Fiscal Year 2019, these calculations are $128.1 million for the personal income amount and $105.0 million for the one percent of total state revenues amount.

Proposed language in Section 3(b) further specifies that for the purpose of state income tax rate calculations, state net general revenue shall not include funds used solely to meet the requirements of providing free public schools. This provision could impact the calculation pursuant to SB 509 (2014) contained in Section 143.011, RSMo, as well as future changes to state income tax rates. Section 143.011, RSMo, contains an automatic income tax reduction when the previous fiscal year's net general revenue collections exceed the highest of the three prior fiscal years by at least $150 million. It is unclear what "funds used solely to meet the requirements of providing free public schools" would encompass. If this means that GR expenditures made toward providing free public schools are deducted from the net general revenue calculation, the proposed language would reduce the amount of state net general revenue used in determining whether the growth trigger pursuant to Section 143.011, RSMo, has been met. The following table details historical GR expenditures on the provision of free public schools:

Historical Spending on Free Public Schools	
Fiscal Year	**GR Expenditures**
FY 2016	$2,229,988,335
FY 2017	$2,278,929,780
FY 2018	$2,336,487,108
FY 2019	$2,445,388,593
FY 2020 Approp	$2,480,877,793

Proposed language in Section 11 prohibits any appropriation be made, funds expended, or tax credits or other tax expenditures enacted after January 1, 2020 for the benefit of private schools.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot

measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In (fiscal year) FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from **St. Louis County** indicated they do not see that this initiative petition, if voter-approved and adopted, would have a fiscal impact on the operations of their county government.

Officials from the **City of Kansas City** indicated this initiative petition will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated if this petition were to be voted on and passed, it would appear to have a positive fiscal impact on their school's finances. However, it appears to be setting the stage for some sort of general tax increase to raise the needed revenues. They are also concerned that this may lead to a strong push to consolidate small schools that would be very detrimental to the wellbeing of many of the small rural communities, as well as putting kids on buses for a longer period of time than they already are.

Of course, with any state law the devil is always in the details. If any of these initiatives (Initiative Petitions 20-117 through 20-122) pass the potential positive fiscal impact they would hope for is a stabilization of education funding that would guarantee that all schools receive equitable levels of resources. Some of these petitions call for fully funding pre-school programs. This would be a big boost to their bottom line. Some of these petitions call for a ban on the use of any public monies for any private schools. This will help protect the level of funding for public schools.

Their biggest concern with these petitions is that in order to reduce costs, an effort will be made to consolidate/eliminate small school districts, which will be (in their opinion) very detrimental to their small rural communities.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Michael Podgursky, PhD provided the following information as an opponent of this initiative petition.

Missouri State Auditor Nicole Galloway, CPA
PO Box 869
Jefferson City, MO 65102
And via email to: moaudit.mo.gov; barb.wood@auditor.mo.gov;
paul.harper@auditor.mo.gov

RE: Fiscal Analysis for Initiative Petitions 117,118,119, 120, 121 and 122

Dear Auditor Galloway,

I am an opponent of the above initiative petitions and submit the following fiscal analysis pursuant to section 116.175 RSMo.

Fiscal Note

MNEA Petitions 117-122

Prepared by Michael Podgursky, PhD[1]

Petitions 117-122 amend the Missouri State Constitution in a variety of ways. In this fiscal note I focus on the two changes that have the most direct, and largest, potential fiscal consequences.

1. Adequacy

In all versions of the petitions, Section 1(a) of the Constitution is amended to change the duty of the state to provide "free" public schools, to provide "equality of educational opportunity for all persons in this state through the establishment and maintenance of uniformly regulated, thorough, appropriate, and adequate system of free public schools… The general assembly shall have an affirmative duty to adequately and equitably fund the free public schools established by this article."

On the face of it, addition of "thorough, appropriate, and adequate" do not have direct fiscal consequences. However, addition of these terms to the Constitution would very likely overturn the recent school finance court case (CEE vs MO, 2009), wherein the Missouri Supreme Court found that the current school funding formula had a rational basis in law, and, in particular, that there was no duty on the part of the legislature to provide an "adequate" level of spending beyond the 25 percent of revenue requirement:

Notably, the introductory clause in section 1(a) concerning the "diffusion of knowledge" outlines the purpose and subject of Missouri's public education system. But, it provides no specific

[1] Chancellor's Professor of Economics, University of Missouri – Columbia and Director, Sinquefield Center for Applied Economic Research, Saint Louis University.

directive or standard for how the State must accomplish a "diffusion of knowledge." Plaintiffs are attempting to read a separate funding requirement into section 1(a) that would require the legislature to provide "adequate" education funding in excess of the 25-percent requirement contained in section 3(b). Such language does not exist.

https://www.courtlistener.com/opinion/1789805/committee-for-educational-equality-v-state/

In CEE vs MO, the plaintiffs commissioned reports and provided testimony from a variety of experts who opined regarding the shortcomings of Missouri school spending and what an "adequate" education would cost in Missouri. Two witnesses in particular provided evidence of overall costs using two different methods (professional judgement panels and cost functions) to provide quantitative dollar value gaps between current expenditures and "adequate" expenditures.

Since it is the clear intent of the petitioners to open the door to future "adequacy" lawsuits and overturn CEE vs MO, a reasonable estimate of the fiscal cost of such a Constitutional change would be to update these adequacy estimates (i.e., expenditure shortfalls) from the 2008 trial. This is based on the assumption, implied in the quote above, that had this language been in the Constitution in 2008, the plaintiffs would have won, and the adequacy estimates provided by their experts would have formed the basis for a remedy. Indeed, this is what has occurred in numerous other school finance lawsuits in states where plaintiffs have won.

Based on "professional judgement" panels in Missouri, and evidence from other states, Dr. Kern Alexander stated in his trial testimony (p. 7525, and elsewhere) that Missouri was roughly one billion dollars short of adequate spending in academic year 2005-06.[2] Thus, in one set of estimates I update Alexander's estimate to 2019.

A second adequacy estimate was provided by Dr. Bruce Baker. Baker estimated "education cost functions" and used them to compute a measure of adequate expenditures district by district.[3] I took the excel file he submitted with his report and totaled the expenditure shortfall for all districts he determined to have had inadequate spending in 2004-05. This totaled $466,370,600.

I then updated both of these estimates to Fall 2019 values in the following ways.

- Enrollment adjustment. Total Missouri public school enrollment has fallen slightly since 2004-05 when these estimates were made. I assume that this would lower both cost estimates by a factor of .993

[2] Testimony of Dr. Kern Alexander. CEE vs MO. Testimony. Feb 21, 2007. Vol. 30, p 7525.

[3] Bruce D. Baker. 2006. Missouri's School Finance Formula Fails to Guarantee Equal or Minimally Adequate Educational Opportunity to Missouri Schoolchildren. Report Prepared on Behalf of Committee for Educational Equality.

- CPI Inflation adjustment. In one set of estimates I simply updated these figures (after enrollment adjustment) to Fall, 2019 values using inflation estimates based on the BLS Consumer Price Index. This resulted in an adjustment factor of 1.35 for Baker and 1.29 for Alexander.
- Relative spending adjustment. It may be that the relevant inflation adjustment is not household consumer prices, but Missouri school operating expenditures (e.g. reflecting educator salaries and benefits and other school input costs). In this case, I computed the Alexander and Baker estimates of the shortfall of current expenditures in 2005 and 2006 (13.2 and 6.6 percent respectively) and applied them to estimated Fall, 2019 current operating expenditures along with the enrollment adjustment noted above.

The results of these exercises produced a minimum estimate (Baker) of $625,779,201 and a maximum estimate (Alexander) of $1,289,645,735.

2. Free Early Childhood Education

Three versions of the petitions (118, 120, 122) include the following amendment to the state Constitution:

Section 1 (c) Any voluntary early childhood education program established by a publically funded elected school board for persons between the ages of three and five years shall be funded as part of the free public schools established by this article.

If this sentence, combined with the amended language regarding adequacy in 1(a), is interpreted as creating a right to free public preschool education in Missouri, this would produce a substantial increase in public K-12 expenditures. I have estimated these costs in the following manner. Using data from the 2017 American Community Survey I estimate that there are 204,182 children aged 3-5 eligible for this program.[4] I make two assumptions regarding the take-up rate: 60 percent and 90 percent.[5]

Regarding cost per student, I use the current state adequacy rate ($6,316). This gives a range of cost estimates from a low (60 percent take-up) of $773,766,970 to a high (90 percent take up) of $1,160,650,455.

3. Cost Summary

[4] 2017 is the most recent available ACS data. This estimate only includes five year olds who would not be eligible for public kindergarten.

[5] The currently 54 percent of 3 and 4 year olds participate in either public or private preschool. Since most of this is currently paid for by parents it is reasonable to assume that many of these parents would choose a free public option and many more, not currently participating, would do so as well.
https://nces.ed.gov/programs/digest/d18/tables/dt18_202.10.asp?current=yes

Table 1 provides fiscal estimates of the lower and upper bound of costs for each version of the petition based on whether it included just adequacy (A) or adequacy and preschool (A+P).

Sincerely,

/s/ *Michael Podgursky*

Michael Podgursky, PhD

Table 1: Summary Cost Calculations

Petition		Low	High
117	A	$625,779,201	$1,289,645,735
118	A+P	$1,399,546,172	$2,450,296,190
119	A	$625,779,201	$1,289,645,735
120	A+P	$1,399,546,172	$2,450,296,190
121	A	$625,779,201	$1,289,645,735
122	A+P	$1,399,546,172	$2,450,296,190

A = Adequacy only, A+P = Adequacy + Pre-school

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities anticipate possible changes to state general revenue of an unknown amount. Costs to the state are unknown but may be up to $1.29 billion annually. School districts may have a positive fiscal impact.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 10, 2019

RECEIVED
SEP 10 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from DeeAnn Aull regarding a proposed constitutional amendment to Article IX, version 2 (2020-118)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by DeeAnn Aull on September 9, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 SEP -9 PM 12:14
SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	NAME (Printed or Typed)
1.					
2.					
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10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer:_____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Signature of Notary _____

Address of Notary _____

(Seal)

20-118

NOTICE: The proposed amendment revises Article IX of the Constitution by amending Sections 1(a) and 3(b) and adopting two new sections to be known as Article IX, Sections 1(c) and 11.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article IX of the Constitution is revised by amending Sections 1(a) and 3(b), and adopting two new sections to be known as Article IX, Sections 1(c) and 11 to read as follows:

Section 1(a). A general diffusion of knowledge and intelligence being essential to the preservation of the rights and liberties of the people, [the general assembly shall establish and maintain] equality of educational opportunity, as described in this section, is a fundamental right. The general assembly shall ensure the equality of educational opportunity for all persons in this state through the establishment and maintenance of a uniformly regulated, thorough, appropriate, and adequate system of free public schools for the gratuitous instruction of all persons in this state within ages not in excess of twenty-one years as prescribed by law. The general assembly shall have an affirmative duty to adequately and equitably fund the free public schools established by this article.

Section 1(c). Any voluntary early childhood education program established by a publicly elected school board for persons between the ages of three and five years shall be funded as part of the free public schools established by this article.

Section 3(b). In event the public school fund provided and set apart by law for the support of free public schools, shall be insufficient to sustain free public schools that satisfy all requirements of this article [at least eight months in every year in each school district of the state], the general assembly shall [may] provide for such deficiency. Notwithstanding any other provision of law to the contrary, new or increased taxes or fees enacted by the general assembly for the purpose of funding free public schools as established in this article, are not subject to the provisions of article X of this constitution. [; but in] In no case shall there be set apart less than twenty-five percent of the state revenue, exclusive of interest and sinking fund, to be applied annually to the support of the free public schools. For the purpose of calculating state income tax rates, state net general revenue shall not include funds used solely to meet the requirements of providing free public schools. The provisions of this section and section 1(a) may be enforced by a private cause of action brought by or on behalf of any taxpayer, student of a public school, or school district within this state against the general assembly in a circuit court of proper venue and, if the suit is sustained, the plaintiff or plaintiffs shall receive from the state any costs, including attorneys' fees incurred by the plaintiff or plaintiffs in maintaining such suit.

Section 11. Appropriations made for the purpose of satisfying this article by the general assembly or any county, city, town, township, school district, or other municipal corporation shall only be to aid, support, or sustain the system of free public schools and in no event shall any appropriation be made, funds expended, or tax credits or other tax expenditures enacted after January 1, 2020 for the benefit of private schools. Nothing in this section shall prevent a contract for services between a public school and a private entity where necessary to meet the requirements of this article.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-118)

Subject

Initiative petition from DeeAnn Aull regarding a proposed constitutional amendment to Article IX. (Received September 10, 2019)

Date

September 30, 2019

Description

This proposal would amend Article IX of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Michael Podgursky, PhD provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated this provision seeks to create a private cause of action against the Missouri General Assembly with respect to enforcement of the provision's terms. To the extent a successful plaintiff may be entitled to costs, including attorneys' fees, incurred in maintaining their suit, there is the possibility of additional liability upon the State Legal Expense Fund ("LEF"). Similarly, if the Attorney General's Office is required to defend the General Assembly in such lawsuits, such representation could likely be accomplished with existing resources, though some amount of additional personnel services funding may be required to provide representation in these lawsuits. Neither the potential LEF exposure nor the additional amounts potentially required for personnel services can be estimated at this time.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated:

Section A. Article IX. Section 1(c)

Using FY 2019 K-12 enrollment of 880,025, adding two more grade level cohorts could result in an additional 135,388 students to be included in the Foundation Formula. Using an average attendance percentage of 94% this would result in an Average Daily Attendance (ADA) of 127,265 if all children ages 3 to 5 were enrolled in a full-time pre-kindergarten program. This 127,265 less the 6,872 pre-kindergarten ADA used in the FY 2021 budget projections results in 120,393 additional ADA to be included in the Foundation Formula payment. This could result in up to $767,505,375 additional dollars to be required to be paid out through the Foundation Formula.

(120,393 multiplied by the State Adequacy Target (SAT) of $6,375)

This is an estimate for an increase in the formula cost that would continue annually and have the potential to further increase in future years depending on various components of the foundation formula.

Officials the **Department of Higher Education and Workforce Development** indicated they report no cost for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition, as it is currently set forth, would have no impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact due to this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated an unknown fiscal impact could be realized if the general assembly were sued and ultimately found liable for any damages and/or fees.

Officials from the **Department of Conservation** indicated there is no anticipated fiscal impact (cost or savings) to their department associated with this initiative petition.

Officials from the **Department of Transportation** indicated this fiscal note is anticipated to have no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal amends Article IX of the Constitution of Missouri by amending Sections 1(a) and 3(b) and adopting two new sections.

Proposed language in Section 1(a) requires the General Assembly to ensure the equality of educational opportunity for all persons in the State of Missouri through a uniformly regulated, thorough, appropriate, and adequate system of free public schools and to adequately and equitably fund free public schools.

Proposed language in Section 1(c) requires that voluntary early childhood education programs established by a public school board for children ages three to five years old be funded as part of free public schools. Currently, Section 163.018, RSMo, allows districts

to include three to five year olds in their Average Daily Attendance (ADA) up to a specified cap-- four percent of the total number of pupils who are eligible for Free and Reduced Price Lunch between the ages of five and eighteen. Budget and Planning (B&P) defers to the Department of Elementary and Secondary Education for the impact of this provision.

Proposed language in Section 3(b) states that new or increased taxes or fees enacted by the General Assembly for the purpose of funding free public schools are not subject to the provisions of Article X of the Missouri Constitution. B&P notes that Article X, Section 18(a-d) of the Missouri Constitution establishes a revenue and spending limit on state government. The limit is 5.6 percent of Missouri personal income, based on the relationship between personal income and total state revenues when the limit was established and approved by voters in November 1980. Calculations made pursuant to Article X of the Missouri Constitution show that total state revenues for Fiscal Year 2017 were below the total state revenue limit by over $4.1 billion. In addition, Article X, Section 18(e) of the Missouri Constitution states the General Assembly shall not increase taxes or fees in any fiscal year, without voter approval, that in total produce net new annual revenues greater than $50 million, adjusted annually by the percentage change in the personal income of Missouri for the second previous year, or one percent of total state revenues for the second fiscal year prior to the General Assembly's action, whichever is less. For Fiscal Year 2019, these calculations are $128.1 million for the personal income amount and $105.0 million for the one percent of total state revenues amount.

Proposed language in Section 3(b) further specifies that for the purpose of state income tax rate calculations, state net general revenue shall not include funds used solely to meet the requirements of providing free public schools. This provision could impact the calculation pursuant to SB 509 (2014) contained in Section 143.011, RSMo, as well as future changes to state income tax rates. Section 143.011, RSMo, contains an automatic income tax reduction when the previous fiscal year's net general revenue collections exceed the highest of the three prior fiscal years by at least $150 million. It is unclear what "funds used solely to meet the requirements of providing free public schools" would encompass. If this means that GR expenditures made toward providing free public schools are deducted from the net general revenue calculation, the proposed language would reduce the amount of state net general revenue used in determining whether the growth trigger pursuant to Section 143.011, RSMo, has been met. The following table details historical GR expenditures on the provision of free public schools:

Historical Spending on Free Public Schools	
Fiscal Year	**GR Expenditures**
FY 2016	$2,229,988,335
FY 2017	$2,278,929,780
FY 2018	$2,336,487,108
FY 2019	$2,445,388,593
FY 2020 Approp	$2,480,877,793

Proposed language in Section 11 prohibits any appropriation be made, funds expended, or tax credits or other tax expenditures enacted after January 1, 2020 for the benefit of private schools.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In (fiscal year) FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from **St. Louis County** indicated they do not see that this initiative petition, if voter-approved and adopted, would have a fiscal impact on the operations of their county government.

Officials from the **City of Kansas City** indicated this initiative petition will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated if this petition were to be voted on and passed, it would appear to have a positive fiscal impact on their school's finances. However, it appears to be setting the stage for some sort of general tax increase to raise the needed revenues. They are also concerned that this may lead to a strong push to consolidate small schools that would be very detrimental to the wellbeing of many of the small rural communities, as well as putting kids on buses for a longer period of time than they already are.

Of course, with any state law the devil is always in the details. If any of these initiatives (Initiative Petitions 20-117 through 20-122) pass the potential positive fiscal impact they would hope for is a stabilization of education funding that would guarantee that all schools receive equitable levels of resources. Some of these petitions call for fully funding pre-school programs. This would be a big boost to their bottom line. Some of these petitions call for a ban on the use of any public monies for any private schools. This will help protect the level of funding for public schools.

Their biggest concern with these petitions is that in order to reduce costs, an effort will be made to consolidate/eliminate small school districts, which will be (in their opinion) very detrimental to their small rural communities.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Michael Podgursky, PhD provided the following information as an opponent of this initiative petition.

Missouri State Auditor Nicole Galloway, CPA
PO Box 869
Jefferson City, MO 65102
And via email to: moaudit.mo.gov; barb.wood@auditor.mo.gov;
paul.harper@auditor.mo.gov

RE: Fiscal Analysis for Initiative Petitions 117,118,119, 120, 121 and 122

Dear Auditor Galloway,

I am an opponent of the above initiative petitions and submit the following fiscal analysis pursuant to section 116.175 RSMo.

Fiscal Note

MNEA Petitions 117-122

Prepared by Michael Podgursky, PhD[1]

Petitions 117-122 amend the Missouri State Constitution in a variety of ways. In this fiscal note I focus on the two changes that have the most direct, and largest, potential fiscal consequences.

1. Adequacy

In all versions of the petitions, Section 1(a) of the Constitution is amended to change the duty of the state to provide "free" public schools, to provide "equality of educational opportunity for all persons in this state through the establishment and maintenance of uniformly regulated, thorough, appropriate, and adequate system of free public schools… The general assembly shall have an affirmative duty to adequately and equitably fund the free public schools established by this article."

On the face of it, addition of "thorough, appropriate, and adequate" do not have direct fiscal consequences. However, addition of these terms to the Constitution would very likely overturn the recent school finance court case (CEE vs MO, 2009), wherein the Missouri Supreme Court found that the current school funding formula had a rational basis in law, and, in particular, that there was no duty on the part of the legislature to provide an "adequate" level of spending beyond the 25 percent of revenue requirement:

Notably, the introductory clause in section 1(a) concerning the "diffusion of knowledge" outlines the purpose and subject of Missouri's public education system. But, it provides no specific

[1] Chancellor's Professor of Economics, University of Missouri – Columbia and Director, Sinquefield Center for Applied Economic Research, Saint Louis University.

directive or standard for how the State must accomplish a "diffusion of knowledge." Plaintiffs are attempting to read a separate funding requirement into section 1(a) that would require the legislature to provide "adequate" education funding in excess of the 25-percent requirement contained in section 3(b). Such language does not exist.

https://www.courtlistener.com/opinion/1789805/committee-for-educational-equality-v-state/

In CEE vs MO, the plaintiffs commissioned reports and provided testimony from a variety of experts who opined regarding the shortcomings of Missouri school spending and what an "adequate" education would cost in Missouri. Two witnesses in particular provided evidence of overall costs using two different methods (professional judgement panels and cost functions) to provide quantitative dollar value gaps between current expenditures and "adequate" expenditures.

Since it is the clear intent of the petitioners to open the door to future "adequacy" lawsuits and overturn CEE vs MO, a reasonable estimate of the fiscal cost of such a Constitutional change would be to update these adequacy estimates (i.e., expenditure shortfalls) from the 2008 trial. This is based on the assumption, implied in the quote above, that had this language been in the Constitution in 2008, the plaintiffs would have won, and the adequacy estimates provided by their experts would have formed the basis for a remedy. Indeed, this is what has occurred in numerous other school finance lawsuits in states where plaintiffs have won.

Based on "professional judgement" panels in Missouri, and evidence from other states, Dr. Kern Alexander stated in his trial testimony (p. 7525, and elsewhere) that Missouri was roughly one billion dollars short of adequate spending in academic year 2005-06.[2] Thus, in one set of estimates I update Alexander's estimate to 2019.

A second adequacy estimate was provided by Dr. Bruce Baker. Baker estimated "education cost functions" and used them to compute a measure of adequate expenditures district by district.[3] I took the excel file he submitted with his report and totaled the expenditure shortfall for all districts he determined to have had inadequate spending in 2004-05. This totaled $466,370,600.

I then updated both of these estimates to Fall 2019 values in the following ways.

- Enrollment adjustment. Total Missouri public school enrollment has fallen slightly since 2004-05 when these estimates were made. I assume that this would lower both cost estimates by a factor of .993

[2] Testimony of Dr. Kern Alexander. CEE vs MO. Testimony. Feb 21, 2007. Vol. 30, p 7525.

[3] Bruce D. Baker. 2006. Missouri's School Finance Formula Fails to Guarantee Equal or Minimally Adequate Educational Opportunity to Missouri Schoolchildren. Report Prepared on Behalf of Committee for Educational Equality.

- CPI Inflation adjustment. In one set of estimates I simply updated these figures (after enrollment adjustment) to Fall, 2019 values using inflation estimates based on the BLS Consumer Price Index. This resulted in an adjustment factor of 1.35 for Baker and 1.29 for Alexander.
- Relative spending adjustment. It may be that the relevant inflation adjustment is not household consumer prices, but Missouri school operating expenditures (e.g. reflecting educator salaries and benefits and other school input costs). In this case, I computed the Alexander and Baker estimates of the shortfall of current expenditures in 2005 and 2006 (13.2 and 6.6 percent respectively) and applied them to estimated Fall, 2019 current operating expenditures along with the enrollment adjustment noted above.

The results of these exercises produced a minimum estimate (Baker) of $625,779,201 and a maximum estimate (Alexander) of $1,289,645,735.

2. Free Early Childhood Education

Three versions of the petitions (118, 120, 122) include the following amendment to the state Constitution:

Section 1 (c) Any voluntary early childhood education program established by a publically funded elected school board for persons between the ages of three and five years shall be funded as part of the free public schools established by this article.

If this sentence, combined with the amended language regarding adequacy in 1(a), is interpreted as creating a right to free public preschool education in Missouri, this would produce a substantial increase in public K-12 expenditures. I have estimated these costs in the following manner. Using data from the 2017 American Community Survey I estimate that there are 204,182 children aged 3-5 eligible for this program.[4] I make two assumptions regarding the take-up rate: 60 percent and 90 percent.[5]

Regarding cost per student, I use the current state adequacy rate ($6,316). This gives a range of cost estimates from a low (60 percent take-up) of $773,766,970 to a high (90 percent take up) of $1,160,650,455.

3. Cost Summary

[4] 2017 is the most recent available ACS data. This estimate only includes five year olds who would not be eligible for public kindergarten.

[5] The currently 54 percent of 3 and 4 year olds participate in either public or private preschool. Since most of this is currently paid for by parents it is reasonable to assume that many of these parents would choose a free public option and many more, not currently participating, would do so as well.
https://nces.ed.gov/programs/digest/d18/tables/dt18_202.10.asp?current=yes

Table 1 provides fiscal estimates of the lower and upper bound of costs for each version of the petition based on whether it included just adequacy (A) or adequacy and preschool (A+P).

Sincerely,

/s/ *Michael Podgursky*

Michael Podgursky, PhD

Table 1: Summary Cost Calculations

Petition		Low	High
117	A	$625,779,201	$1,289,645,735
118	A+P	$1,399,546,172	$2,450,296,190
119	A	$625,779,201	$1,289,645,735
120	A+P	$1,399,546,172	$2,450,296,190
121	A	$625,779,201	$1,289,645,735
122	A+P	$1,399,546,172	$2,450,296,190

A = Adequacy only, A+P = Adequacy + Pre-school

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities anticipate possible changes to state general revenue of an unknown amount. Costs to the state are unknown but may be up to $2.45 billion annually. School districts may have a positive fiscal impact.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 10, 2019

RECEIVED
SEP 10 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from DeeAnn Aull regarding a proposed constitutional amendment to Article IX, version 1 (2020-117)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by DeeAnn Aull on September 9, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2019 SEP -9 PM 12:13

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer:_____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Signature of Notary _____

Address of Notary _____ (Seal)

20-117

NOTICE: The proposed amendment revises Article IX of the Constitution by amending Sections 1(a) and 3(b) and adopting one new section to be known as Article IX, Section 11.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article IX of the Constitution is revised by amending Sections 1(a) and 3(b), and adopting one new section to be known as Article IX, Section 11 to read as follows:

Section 1(a). A general diffusion of knowledge and intelligence being essential to the preservation of the rights and liberties of the people, [the general assembly shall establish and maintain] equality of educational opportunity, as described in this section, is a fundamental right. The general assembly shall ensure the equality of educational opportunity for all persons in this state through the establishment and maintenance of a uniformly regulated, thorough, appropriate, and adequate system of free public schools for the gratuitous instruction of all persons in this state within ages not in excess of twenty-one years as prescribed by law. The general assembly shall have an affirmative duty to adequately and equitably fund the free public schools established by this article.

Section 3(b). In event the public school fund provided and set apart by law for the support of free public schools, shall be insufficient to sustain free public schools that satisfy all requirements of this article [at least eight months in every year in each school district of the state], the general assembly shall [may] provide for such deficiency. Notwithstanding any other provision of law to the contrary, new or increased taxes or fees enacted by the general assembly for the purpose of funding free public schools as established in this article, are not subject to the provisions of article X of this constitution. [; but in] In no case shall there be set apart less than twenty-five percent of the state revenue, exclusive of interest and sinking fund, to be applied annually to the support of the free public schools. For the purpose of calculating state income tax rates, state net general revenue shall not include funds used solely to meet the requirements of providing free public schools. The provisions of this section and section 1(a) may be enforced by a private cause of action brought by or on behalf of any taxpayer, student of a public school, or school district within this state against the general assembly in a circuit court of proper venue and, if the suit is sustained, the plaintiff or plaintiffs shall receive from the state any costs, including attorneys' fees incurred by the plaintiff or plaintiffs in maintaining such suit.

Section 11. Appropriations made for the purpose of satisfying this article by the general assembly or any county, city, town, township, school district, or other municipal corporation shall only be to aid, support, or sustain the system of free public schools and in no event shall any appropriation be made, funds expended, or tax credits or other tax expenditures enacted after January 1, 2020 for the benefit of private schools. Nothing in this section shall prevent a contract for services between a public school and a private entity where necessary to meet the requirements of this article.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-117)

Subject

Initiative petition from DeeAnn Aull regarding a proposed constitutional amendment to Article IX. (Received September 10, 2019)

Date

September 30, 2019

Description

This proposal would amend Article IX of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Michael Podgursky, PhD provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated this provision seeks to create a private cause of action against the Missouri General Assembly with respect to enforcement of the provision's terms. To the extent a successful plaintiff may be entitled to costs, including attorneys' fees, incurred in maintaining their suit, there is the possibility of additional liability upon the State Legal Expense Fund ("LEF"). Similarly, if the Attorney General's Office is required to defend the General Assembly in such lawsuits, such representation could likely be accomplished with existing resources, though some amount of additional personnel services funding may be required to provide representation in these lawsuits. Neither the potential LEF exposure nor the additional amounts potentially required for personnel services can be estimated at this time.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated a total estimated net effect on all state funds of $0 for fiscal year 2020, $0 for fiscal year 2021, and $0 for fiscal year 2022.

Officials the **Department of Higher Education and Workforce Development** indicated they report no cost for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition, as it is currently set forth, would have no impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact due to this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated an unknown fiscal impact could be realized if the general assembly were sued and ultimately found liable for any damages and/or fees.

Officials from the **Department of Conservation** indicated there is no anticipated fiscal impact (cost or savings) to their department associated with this initiative petition.

Officials from the **Department of Transportation** indicated this fiscal note is anticipated to have no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal amends Article IX of the Constitution of Missouri by amending Sections 1(a) and 3(b) and adopting one new section.

Proposed language in Section 1(a) requires the General Assembly to ensure the equality of educational opportunity for all persons in the State of Missouri through a uniformly regulated, thorough, appropriate, and adequate system of free public schools and to adequately and equitably fund free public schools.

Proposed language in Section 3(b) states that new or increased taxes or fees enacted by the General Assembly for the purpose of funding free public schools are not subject to the provisions of Article X of the Missouri Constitution. Budget and Planning (B&P) notes that Article X, Section 18(a-d) of the Missouri Constitution establishes a revenue and spending limit on state government. The limit is 5.6 percent of Missouri personal income, based on the relationship between personal income and total state revenues when the limit was established and approved by voters in November 1980. Calculations made pursuant to Article X of the Missouri Constitution show that total state revenues for Fiscal Year 2017 were below the total state revenue limit by over $4.1 billion. In addition, Article X, Section 18(e) of the Missouri Constitution states the General Assembly shall not increase taxes or fees in any fiscal year, without voter approval, that in total produce net new annual revenues greater than $50 million, adjusted annually by the percentage change in the personal income of Missouri for the second previous year, or one percent of total state revenues for the second fiscal year prior to the General Assembly's action, whichever is less. For Fiscal Year 2019, these calculations are $128.1 million for the personal income amount and $105.0 million for the one percent of total state revenues amount.

Proposed language in Section 3(b) further specifies that for the purpose of state income tax rate calculations, state net general revenue shall not include funds used solely to meet the requirements of providing free public schools. This provision could impact the calculation pursuant to SB 509 (2014) contained in Section 143.011, RSMo, as well as future changes to state income tax rates. Section 143.011, RSMo, contains an automatic income tax reduction when the previous fiscal year's net general revenue collections exceed the highest of the three prior fiscal years by at least $150 million. It is unclear what "funds used solely to meet the requirements of providing free public schools" would encompass. If this means that GR expenditures made toward providing free public schools are deducted from the net general revenue calculation, the proposed language would reduce the amount of state net general revenue used in determining whether the growth trigger pursuant to Section 143.011, RSMo, has been met. The following table details historical GR expenditures on the provision of free public schools:

Historical Spending on Free Public Schools	
Fiscal Year	**GR Expenditures**
FY 2016	$2,229,988,335
FY 2017	$2,278,929,780
FY 2018	$2,336,487,108
FY 2019	$2,445,388,593
FY 2020 Approp	$2,480,877,793

Proposed language in Section 11 prohibits any appropriation be made, funds expended, or tax credits or other tax expenditures enacted after January 1, 2020 for the benefit of private schools.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot

measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In (fiscal year) FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from **St. Louis County** indicated they do not see that this initiative petition, if voter-approved and adopted, would have a fiscal impact on the operations of their county government.

Officials from the **City of Kansas City** indicated this initiative petition will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated if this petition were to be voted on and passed, it would appear to have a positive fiscal impact on their school's finances. However, it appears to be setting the stage for some sort of general tax increase to raise the needed revenues. They are also concerned that this may lead to a strong push to consolidate small schools that would be very detrimental to the wellbeing of many of the small rural communities, as well as putting kids on buses for a longer period of time than they already are.

Of course, with any state law the devil is always in the details. If any of these initiatives (Initiative Petitions 20-117 through 20-122) pass the potential positive fiscal impact they would hope for is a stabilization of education funding that would guarantee that all schools receive equitable levels of resources. Some of these petitions call for fully funding pre-school programs. This would be a big boost to their bottom line. Some of these petitions call for a ban on the use of any public monies for any private schools. This will help protect the level of funding for public schools.

Their biggest concern with these petitions is that in order to reduce costs, an effort will be made to consolidate/eliminate small school districts, which will be (in their opinion) very detrimental to their small rural communities.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Michael Podgursky, PhD provided the following information as an opponent of this initiative petition.

Missouri State Auditor Nicole Galloway, CPA
PO Box 869
Jefferson City, MO 65102
And via email to: moaudit.mo.gov; barb.wood@auditor.mo.gov;
paul.harper@auditor.mo.gov

RE: Fiscal Analysis for Initiative Petitions 117,118,119, 120, 121 and 122

Dear Auditor Galloway,

I am an opponent of the above initiative petitions and submit the following fiscal analysis pursuant to section 116.175 RSMo.

Fiscal Note

MNEA Petitions 117-122

Prepared by Michael Podgursky, PhD[1]

Petitions 117-122 amend the Missouri State Constitution in a variety of ways. In this fiscal note I focus on the two changes that have the most direct, and largest, potential fiscal consequences.

1. Adequacy

In all versions of the petitions, Section 1(a) of the Constitution is amended to change the duty of the state to provide "free" public schools, to provide "equality of educational opportunity for all persons in this state through the establishment and maintenance of uniformly regulated, thorough, appropriate, and adequate system of free public schools… The general assembly shall have an affirmative duty to adequately and equitably fund the free public schools established by this article."

On the face of it, addition of "thorough, appropriate, and adequate" do not have direct fiscal consequences. However, addition of these terms to the Constitution would very likely overturn the recent school finance court case (CEE vs MO, 2009), wherein the Missouri Supreme Court found that the current school funding formula had a rational basis in law, and, in particular, that there was no duty on the part of the legislature to provide an "adequate" level of spending beyond the 25 percent of revenue requirement:

Notably, the introductory clause in section 1(a) concerning the "diffusion of knowledge" outlines the purpose and subject of Missouri's public education system. But, it provides no specific

[1] Chancellor's Professor of Economics, University of Missouri – Columbia and Director, Sinquefield Center for Applied Economic Research, Saint Louis University.

directive or standard for how the State must accomplish a "diffusion of knowledge." Plaintiffs are attempting to read a separate funding requirement into section 1(a) that would require the legislature to provide "adequate" education funding in excess of the 25-percent requirement contained in section 3(b). Such language does not exist.

https://www.courtlistener.com/opinion/1789805/committee-for-educational-equality-v-state/

In CEE vs MO, the plaintiffs commissioned reports and provided testimony from a variety of experts who opined regarding the shortcomings of Missouri school spending and what an "adequate" education would cost in Missouri. Two witnesses in particular provided evidence of overall costs using two different methods (professional judgement panels and cost functions) to provide quantitative dollar value gaps between current expenditures and "adequate" expenditures.

Since it is the clear intent of the petitioners to open the door to future "adequacy" lawsuits and overturn CEE vs MO, a reasonable estimate of the fiscal cost of such a Constitutional change would be to update these adequacy estimates (i.e., expenditure shortfalls) from the 2008 trial. This is based on the assumption, implied in the quote above, that had this language been in the Constitution in 2008, the plaintiffs would have won, and the adequacy estimates provided by their experts would have formed the basis for a remedy. Indeed, this is what has occurred in numerous other school finance lawsuits in states where plaintiffs have won.

Based on "professional judgement" panels in Missouri, and evidence from other states, Dr. Kern Alexander stated in his trial testimony (p. 7525, and elsewhere) that Missouri was roughly one billion dollars short of adequate spending in academic year 2005-06.[2] Thus, in one set of estimates I update Alexander's estimate to 2019.

A second adequacy estimate was provided by Dr. Bruce Baker. Baker estimated "education cost functions" and used them to compute a measure of adequate expenditures district by district.[3] I took the excel file he submitted with his report and totaled the expenditure shortfall for all districts he determined to have had inadequate spending in 2004-05. This totaled $466,370,600.

I then updated both of these estimates to Fall 2019 values in the following ways.

- Enrollment adjustment. Total Missouri public school enrollment has fallen slightly since 2004-05 when these estimates were made. I assume that this would lower both cost estimates by a factor of .993

[2] Testimony of Dr. Kern Alexander. CEE vs MO. Testimony. Feb 21, 2007. Vol. 30, p 7525.

[3] Bruce D. Baker. 2006. Missouri's School Finance Formula Fails to Guarantee Equal or Minimally Adequate Educational Opportunity to Missouri Schoolchildren. Report Prepared on Behalf of Committee for Educational Equality.

- CPI Inflation adjustment. In one set of estimates I simply updated these figures (after enrollment adjustment) to Fall, 2019 values using inflation estimates based on the BLS Consumer Price Index. This resulted in an adjustment factor of 1.35 for Baker and 1.29 for Alexander.
- Relative spending adjustment. It may be that the relevant inflation adjustment is not household consumer prices, but Missouri school operating expenditures (e.g. reflecting educator salaries and benefits and other school input costs). In this case, I computed the Alexander and Baker estimates of the shortfall of current expenditures in 2005 and 2006 (13.2 and 6.6 percent respectively) and applied them to estimated Fall, 2019 current operating expenditures along with the enrollment adjustment noted above.

The results of these exercises produced a minimum estimate (Baker) of $625,779,201 and a maximum estimate (Alexander) of $1,289,645,735.

2. Free Early Childhood Education

Three versions of the petitions (118, 120, 122) include the following amendment to the state Constitution:

Section 1 (c) Any voluntary early childhood education program established by a publically funded elected school board for persons between the ages of three and five years shall be funded as part of the free public schools established by this article.

If this sentence, combined with the amended language regarding adequacy in 1(a), is interpreted as creating a right to free public preschool education in Missouri, this would produce a substantial increase in public K-12 expenditures. I have estimated these costs in the following manner. Using data from the 2017 American Community Survey I estimate that there are 204,182 children aged 3-5 eligible for this program.[4] I make two assumptions regarding the take-up rate: 60 percent and 90 percent.[5]

Regarding cost per student, I use the current state adequacy rate ($6,316). This gives a range of cost estimates from a low (60 percent take-up) of $773,766,970 to a high (90 percent take up) of $1,160,650,455.

3. Cost Summary

[4] 2017 is the most recent available ACS data. This estimate only includes five year olds who would not be eligible for public kindergarten.

[5] The currently 54 percent of 3 and 4 year olds participate in either public or private preschool. Since most of this is currently paid for by parents it is reasonable to assume that many of these parents would choose a free public option and many more, not currently participating, would do so as well.
https://nces.ed.gov/programs/digest/d18/tables/dt18_202.10.asp?current=yes

Table 1 provides fiscal estimates of the lower and upper bound of costs for each version of the petition based on whether it included just adequacy (A) or adequacy and preschool (A+P).

Sincerely,

/s/ *Michael Podgursky*

Michael Podgursky, PhD

Table 1: Summary Cost Calculations

Petition		Low	High
117	A	$625,779,201	$1,289,645,735
118	A+P	$1,399,546,172	$2,450,296,190
119	A	$625,779,201	$1,289,645,735
120	A+P	$1,399,546,172	$2,450,296,190
121	A	$625,779,201	$1,289,645,735
122	A+P	$1,399,546,172	$2,450,296,190

A = Adequacy only, A+P = Adequacy + Pre-school

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities anticipate possible changes to state general revenue of an unknown amount. Costs to the state are unknown but may be up to $1.29 billion annually. School districts may have a positive fiscal impact.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 3, 2019

RECEIVED
SEP 04 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from James Owen regarding a proposed statutory amendment to Chapters 393 and 386, version 4 (2020-116)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by James Owen on September 3, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the people of the state of Missouri:

Sections 393.1025 through 393.1030 and 386.890, RSMo. are amended to read as follows:

393.1025. As used in sections 393.1020 to 393.1030, the following terms mean:

(1) "Commission", the public service commission;

(2) "Department", the department of [economic development] natural resources;

(3) "Electric utility", any electrical corporation as defined by section 386.020;

(4) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; and

(5) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, [dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a total facility nameplate rating capacity of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources,] and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the department.

393.1030. 1. The commission shall, in consultation with the department, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirement shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

(1) No less than [two] twenty percent for calendar years [2011] 2022 through [2013] 2024;

(2) No less than [five] twenty-seven percent for calendar years [2014] 2025 through [2017] 2027;

(3) No less than [ten] thirty-five percent for calendar years [2018] 2028 through [2020] 2030; [and]

(4) No less than forty-two percent for calendar years 2031 through 2034;

[(4)] (5) No less than [fifteen] fifty percent [in each] for calendar years [beginning in 2021.] 2035 through 2039; and

(6) No less than one hundred percent for calendar year 2050 and each year thereafter.

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. Notwithstanding any other provisions of this section, an electric utility may comply with this section using energy savings captured due to energy efficiency or demand-side measures. As part of its rulemaking authority pursuant to subsection 7 of this section, the commission shall prescribe a rule allowing an electric utility to comply with the portfolio requirements of subsection 1 of this section using verified megawatt-hour savings captured due to commission-approved demand-side programs under section 393.1075 during each compliance year, whether such annual energy savings is due to measures installed in that compliance year or in previous compliance years beginning with 2022. For purposes of this section, one megawatt-hour of verified energy savings captured through utility-sponsored energy efficiency programs shall count as one megawatt-hour of renewable energy generated, and an electric utility may count such savings as compliance with this section for the duration of the measure life of the energy efficiency measure.

[2] 3. The commission, in consultation with the department and within one year of November 4, 2008, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may comply with the standard in whole or in part by purchasing RECs, provided that such RECs are associated with electricity produced or procured by the electric utility and sold to Missouri customers. An electric utility may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the department is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase

electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the department to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the division of energy solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3] 4. As provided for in this section, [except for those electrical corporations that qualify for an exemption under section 393.1050,] each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection [2] 3 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection [2] 3 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

[4] 5. The department shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

[5. In carrying out the provisions of this section, the commission and the department shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.]

6. The commission shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. [Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held

unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2013, shall be invalid and void.]

386.890. 1. This section shall be known and may be cited as the "Net Metering and Easy Connection Act".

2. As used in this section, the following terms shall mean:

(1) "Avoided fuel cost", the current average cost of fuel for the entity generating electricity, as defined by the governing body with jurisdiction over any municipal electric utility, rural electric cooperative as provided in chapter 394, or electrical corporation as provided in this chapter;

(2) "Commission", the public service commission of the state of Missouri;

(3) "Customer-generator", the owner or operator of a qualified electric energy generation unit which:

(a) Is powered by a renewable energy resource;

(b) Has an electrical generating system with a capacity of not more than [one hundred] two thousand kilowatts;

(c) Is located on a premises owned, operated, leased, or otherwise controlled by the customer-generator;

(d) Is interconnected and operates in parallel phase and synchronization with a retail electric supplier and has been approved by said retail electric supplier;

(e) Is intended primarily to offset part or all of the customer-generator's own electrical energy requirements;

(f) Meets all applicable safety, performance, interconnection, and reliability standards established by the National Electrical Code, the National Electrical Safety Code, the Institute of Electrical and Electronics Engineers, Underwriters Laboratories, the Federal Energy Regulatory Commission, and any local governing authorities; and

(g) Contains a mechanism that automatically disables the unit and interrupts the flow of electricity back onto the supplier's electricity lines in the event that service to the customer-generator is interrupted;

(4) "Department", the department of economic development;

(5) "Net metering", using metering equipment sufficient to measure the difference between the electrical energy supplied to a customer-generator by a retail electric supplier and the electrical energy supplied by the customer-generator to the retail electric supplier over the applicable billing period;

(6) "Renewable energy resources", electrical energy produced from wind, solar thermal sources, hydroelectric sources, photovoltaic cells and panels, [fuel cells using hydrogen produced by one of the above-named electrical energy sources,] and other sources of energy that become available after August 28, 2007, and are certified as renewable by the department;

(7) "Retail electric supplier" or "supplier", any municipal utility, electrical corporation regulated under this chapter, or rural electric cooperative under chapter 394 that provides retail electric service in this state.

3. A retail electric supplier shall:

(1) Make net metering available to customer-generators on a first-come, first-served basis until the total rated generating capacity of net metering systems equals [five] ten percent of the utility's single-hour peak load during the previous year, after which the commission for a public utility or the governing body for other electric utilities may increase the total rated generating capacity of net metering systems to an amount above [five] ten percent. However, in a given calendar year, no retail electric supplier shall be required to approve any application for interconnection if the total rated generating capacity of all applications for interconnection already approved to date by said supplier in said calendar year equals or exceeds one percent of said supplier's single-hour peak load for the previous calendar year;

(2) Offer to the customer-generator a tariff or contract that is identical in electrical energy rates, rate structure, and monthly charges to the contract or tariff that the customer would be assigned if the customer were not an eligible customer-generator but shall not charge the customer-generator any additional standby, capacity, interconnection, or other fee or charge that would not otherwise be charged if the customer were not an eligible customer-generator; and

(3) Disclose annually the availability of the net metering program to each of its customers with the method and manner of disclosure being at the discretion of the supplier.

4. A customer-generator's facility shall be equipped with sufficient metering equipment that can measure the net amount of electrical energy produced or consumed by the customer-generator. If the customer-generator's existing meter equipment does not meet these requirements or if it is necessary for the electric supplier to install additional distribution equipment to accommodate the customer-generator's facility, the customer-generator shall reimburse the retail electric supplier for the costs to purchase and install the necessary additional equipment. At the request of the customer-generator, such costs may be initially paid for by the retail electric supplier, and any amount up to the total costs and a reasonable interest charge may be recovered from the customer-generator over the course of up to twelve billing cycles. Any

subsequent meter testing, maintenance or meter equipment change necessitated by the customer-generator shall be paid for by the customer-generator.

5. Consistent with the provisions in this section, the net electrical energy measurement shall be calculated in the following manner:

(1) For a customer-generator, a retail electric supplier shall measure the net electrical energy produced or consumed during the billing period in accordance with normal metering practices for customers in the same rate class, either by employing a single, bidirectional meter that measures the amount of electrical energy produced and consumed, or by employing multiple meters that separately measure the customer-generator's consumption and production of electricity;

(2) If the electricity supplied by the supplier exceeds the electricity generated by the customer-generator during a billing period, the customer-generator shall be billed for the net electricity supplied by the supplier in accordance with normal practices for customers in the same rate class;

(3) If the electricity generated by the customer-generator exceeds the electricity supplied by the supplier during a billing period, the customer-generator shall be billed for the appropriate customer charges for that billing period in accordance with subsection 3 of this section and [shall be credited an amount at least equal to the avoided fuel cost of the excess kilowatt-hours generated during the billing period, with this credit applied to the following billing period] all net excess kilowatt-hours generated shall be recorded as net excess energy credits per kilowatt-hour and those credits shall be carried forward from month-to-month and credited at a ratio of one-to-one against the customer-generator's energy consumption in subsequent billing periods;

(4) Any net excess energy credits granted by this subsection shall expire without any compensation at the earlier of either [twelve months after their issuance] March 1st of each calendar year or when the customer-generator disconnects service or terminates the net metering relationship with the supplier;

(5) For any rural electric cooperative under chapter 394, or municipal utility, upon agreement of the wholesale generator supplying electric energy to the retail electric supplier, at the option of the retail electric supplier, the credit to the customer-generator may be provided by the wholesale generator.

6. (1) Each qualified electric energy generation unit used by a customer-generator shall meet all applicable safety, performance, interconnection, and reliability standards established by any local code authorities, the National Electrical Code, the National Electrical Safety Code, the Institute of Electrical and Electronics Engineers, and Underwriters Laboratories for distributed generation. No supplier shall impose any fee, charge, or other requirement not specifically authorized by this section or the rules promulgated under subsection 9 of this section unless the fee, charge, or other requirement would apply to similarly situated customers who are not customer-generators, except that a retail electric supplier may require that a customer-generator's system contain a switch, circuit breaker, fuse, or other easily accessible device or feature located in immediate proximity to the customer-generator's metering equipment that would allow a utility worker the ability to manually and instantly disconnect the unit from the utility's electric distribution system.

(2) For systems of ten kilowatts or less, a customer-generator whose system meets the standards and rules under subdivision (1) of this subsection shall not be required to install additional controls, perform or pay for additional tests or distribution equipment, or purchase additional liability insurance beyond what is required under subdivision (1) of this subsection and subsection 4 of this section.

(3) For customer-generator systems of greater than ten kilowatts, the commission for public utilities and the governing body for other utilities shall, by rule or equivalent formal action by each respective governing body:

(a) Set forth safety, performance, and reliability standards and requirements; and

(b) Establish the qualifications for exemption from a requirement to install additional controls, perform or pay for additional tests or distribution equipment, or purchase additional liability insurance.

7. (1) Applications by a customer-generator for interconnection of a qualified electric energy generation unit meeting the requirements of subdivision (3) of subsection 2 of this section to the distribution system shall be accompanied by the plan for the customer-generator's electrical generating system, including but not limited to a wiring diagram and specifications for the generating unit, and shall be reviewed and responded to by the retail electric supplier within thirty days of receipt for systems ten kilowatts or less and within ninety days of receipt for all other systems. Prior to the interconnection of the qualified generation unit to the supplier's system, the customer-generator will furnish the retail electric supplier a certification from a qualified professional electrician or engineer that the installation meets the requirements of subdivision (1) of subsection 6 of this section. If the application for interconnection is approved by the retail electric supplier and the customer-generator does not complete the interconnection within one year after receipt of notice of the approval, the approval shall expire and the customer-generator shall be responsible for filing a new application.

(2) Upon the change in ownership of a qualified electric energy generation unit, the new customer-generator shall be responsible for filing a new application under subdivision (1) of this subsection.

8. Each commission-regulated supplier shall submit an annual net metering report to the commission, and all other nonregulated suppliers shall submit the same report to their respective governing body and make said report available to a consumer of the supplier upon request, including the following information for the previous calendar year:

(1) The total number of customer-generator facilities;

(2) The total estimated generating capacity of its net-metered customer-generators; and

(3) The total estimated net kilowatt-hours received from customer-generators.

9. The commission shall, within nine months of January 1, 2008, promulgate initial rules necessary for the administration of this section for public utilities, which shall include regulations ensuring that simple contracts will be used for interconnection and net metering. For systems of ten kilowatts or less, the application process shall use an all-in-one document that includes a simple interconnection request, simple procedures, and a brief set of terms and conditions. [Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly under chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2007, shall be invalid and void.]

10. The governing body of a rural electric cooperative or municipal utility shall, within nine months of January 1, 2008, adopt policies establishing a simple contract to be used for interconnection and net metering. For systems of ten kilowatts or less, the application process shall use an all-in-one document that includes a simple interconnection request, simple procedures, and a brief set of terms and conditions.

11. For any cause of action relating to any damages to property or person caused by the generation unit of a customer-generator or the interconnection thereof, the retail electric supplier shall have no liability absent clear and convincing evidence of fault on the part of the supplier.

12. The estimated generating capacity of all net metering systems operating under the provisions of this section shall count towards the respective retail electric supplier's accomplishment of any renewable energy portfolio target or mandate adopted by the Missouri general assembly.

13. The sale of qualified electric generation units to any customer-generator shall be subject to the provisions of sections 407.700 to 407.720. The attorney general shall have the authority to promulgate in accordance with the provisions of chapter 536 rules regarding mandatory disclosures of information by sellers of qualified electric generation units. Any interested person who believes that the seller of any electric generation unit is misrepresenting the safety or performance standards of any such systems, or who believes that any electric generation unit poses a danger to any property or person, may report the same to the attorney general, who shall be authorized to investigate such claims and take any necessary and appropriate actions.

14. Any costs incurred under this act by a retail electric supplier shall be recoverable in that utility's rate structure.

15. No consumer shall connect or operate an electric generation unit in parallel phase and synchronization with any retail electric supplier without written approval by said supplier that all of the requirements under subdivision (1) of subsection 7 of this section have been met. For a consumer who violates this provision, a supplier may immediately and without notice disconnect the electric facilities of said consumer and terminate said consumer's electric service.

16. The manufacturer of any electric generation unit used by a customer-generator may be held liable for any damages to property or person caused by a defect in the electric generation unit of a customer-generator.

17. The seller, installer, or manufacturer of any electric generation unit who knowingly misrepresents the safety aspects of an electric generation unit may be held liable for any damages to property or person caused by the electric generation unit of a customer-generator.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-116)

Subject

Initiative petition from James Owen regarding a proposed amendment to Chapters 393 and 386 of the Revised Statutes of Missouri. (Received September 4, 2019)

Date

September 24, 2019

Description

This proposal would amend Chapters 393 and 386 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and the **Missouri Joint Municipal Electric Utility Commission**.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials the **Department of Higher Education and Workforce Development** indicated they report no cost for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated increased operating costs in the General Revenue Fund of $51,249 for fiscal year 2021, $87,538 for fiscal year 2022, and $88,355 for fiscal year 2023.

This initiative petition would also affect the activities of the Public Service Commission (PSC) and the Office of the Public Counsel (OPC).

This initiative petition would increase the Renewable Energy Standard requirement without changing the maximum average retail utility rate increase of one percent in current law. If this cap has not already been reached, then the proposed increases in portfolio standards could result in rate increases up to the cap.

Passed in 2008 by initiative petition, the current Renewable Energy Standard (RES) requires Missouri's regulated electric utilities to meet defined percentages of total retail electrical sales by renewable resources, increasing to 15% by 2021. The Public Service Commission (PSC) determines compliance and has promulgated rule 20 CSR 4240-20.100 to implement the RES provisions.

The Division of Energy's (DE) statutory authority under the RES law includes:

1. Certifying new eligible renewable resources (Section 393.1025(5), RSMo.); and
2. Certifying no undue adverse impacts of renewable electric generation facilities on air, water or land use, including impacts associated with the gathering of generation feedstocks (Section 393.1030.4, RSMo.).

DE has promulgated a rule to implement these provisions at 4 CSR 340-8.010.

Section 393.1025, RSMo. – This section alters the definition of "department" to reflect the transition of DE from the Department of Economic Development to the Department of Natural Resources. This section also modifies the description of "renewable energy resources," which would require a revision to DE's RES rule.

Section 393.1030, RSMo. – The current RES statute requires renewable generation to be 15% of a utility's generation (megawatt-hours) portfolio by January 1, 2021. This language would increase the requirements to the following:

1. No less than 20% for calendar years 2022 through 2024;
2. No less than 27% for calendar years 2025 through 2027;
3. No less than 35% for calendar years 2028 through 2030;
4. No less than 42% for calendar years 2031 through 2034;
5. No less than 50% for calendar years 2035 through 2039; and
6. No less than 100% for calendar year 2050 and each year thereafter.

The proposal would allow a utility to comply using verified energy savings captured due to energy efficiency or demand-side measures that are approved by the Public Service Commission.

Section 386.890, RSMo. – This section modifies the Net Metering and Easy Connection Act. The definition of "customer-generator" is altered so that the qualified electric energy generation unit can have a capacity up to 2,000 kW. A utility's total rated generating capacity of net metering systems limit would be increased to 10% of the utilities single-hour peak load from the previous year. When customer's generation exceeds electricity supplied during a billing period, all net excess kilowatt-hours generated is carried forward and is credited at a ratio of one-to-one against the customer-generator's energy consumption in future billing periods. This could result in an increase in customer generation and utilization of the Net Metering and Easy Connection Act.

A rulemaking would be necessary to implement the changes relating to the definition of "renewable energy resources," the changes in the required percentages of renewable generation, and the addition of energy efficiency and demand-side programs to the list of eligible measures. Both the increases in the required generation percentages and the eligibility of energy efficiency and demand-side programs would result in a greater number, and new types, of resources needing certification and may require highly technical assessments, which would necessitate one Planner I/II FTE.

Officials from the **Department of Corrections** indicated the fiscal impact is unknown. They are unable to estimate the impact of this legislation on their utility costs. However, based on research, including research completed by the Heritage Foundation, the proposed regulatory changes would be difficult to implement and could significantly increase costs to their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition is expected to have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition, as it is currently set forth, would have no impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated this initiative petition will not have a fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition is anticipated to have no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal would change the renewable energy statutes enacted pursuant to the Missouri Clean Energy Act (Proposition C) in November 2008. This should have no impact on Total State Revenue or the calculation under Article X, Section 18(e) of the Missouri Constitution.

OA-FMDC assumes that Missouri electric providers would be required to install new renewable energy sources to meet the requirements of this petition. According to the U.S. Energy Information Administration, renewable energy resources accounted for only 5.5% of Missouri's net electricity generation in 2018. https://www.eia.gov/state/?sid=MO. OA-FMDC assumes that capital costs for installing renewable energy equipment would make it more costly for electric providers to meet the requirements of this petition and that some of those costs would be passed along to consumers.

For the Office of Administration, OA-FMDC assumes that this petition would result in higher electricity costs for state facilities; however, OA-FMDC has no way of calculating how much that increase would be.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In (fiscal year) FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from **St. Louis County** indicated they do not think this proposed statutory amendment, if enacted, would have a fiscal impact on their county government.

Officials from the **City of Kansas City** indicated this initiative petition will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they have no way of determining an actual cost or savings benefit to their school from this petition's proposals; however, they are fairly confident that there will be a substantial cost to all rate-payers in the state for the development of the infrastructure and technology needed to comply with this.

Officials from **Metropolitan Community College** indicated unknown fiscal impact. Additional expenses are always passed down to the consumer (assuming the electric utilities have additional expense converting energy sources). Without knowing the cost to the utility company(ies) and the downhill affect, it is difficult to know how it will affect their college. Last fiscal year (7/1/18-6/30/19), they paid $2.3 million for electricity. The smallest increase could easily have a significant impact. For example, a 1% increase would result in $23,000 ongoing additional expense.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, University of Missouri, St. Louis Community College,** and the **Missouri Joint Municipal Electric Utility Commission**.

Fiscal Note Summary

State governmental entities estimate additional employment costs of approximately $88,000 annually. Additionally, state and local governmental entities anticipate possible increased costs of electricity, but the amount is unknown.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 3, 2019

RECEIVED
SEP 04 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from James Owen regarding a proposed statutory amendment to Chapter 393, version 3 (2020-115)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by James Owen on September 3, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ _____ _____
Signature of Affiant (Person obtaining signatures) (Printed Name of Affiant) Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ _____
Signature of Notary Address of Notary

Notary Public (Seal) My commission expires _____

Be it enacted by the people of the state of Missouri:

Sections 393.1025 through 393.1030, RSMo. are amended to read as follows:

393.1025. As used in sections 393.1020 to 393.1030, the following terms mean:

(1) "Commission", the public service commission;

(2) "Department", the department of [economic development] natural resources;

(3) "Electric utility", any electrical corporation as defined by section 386.020;

(4) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; and

(5) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, [dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a total facility nameplate rating capacity of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources,] and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the department.

393.1030. 1. The commission shall, in consultation with the department, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirement shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

(1) No less than [two] twenty percent for calendar years [2011] 2022 through [2013] 2024;

(2) No less than [five] twenty-seven percent for calendar years [2014] 2025 through [2017] 2027;

(3) No less than [ten] thirty-five percent for calendar years [2018] 2028 through [2020] 2030; [and]

(4) No less than forty-two percent for calendar years 2031 through 2034;

[(4)] (5) No less than [fifteen] fifty percent [in each] for calendar years [beginning in 2021.] 2035 through 2039; and

(6) No less than one hundred percent for calendar year 2050 and each year thereafter.

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. Notwithstanding any other provisions of this section, an electric utility may comply with this section using energy savings captured due to energy efficiency or demand-side measures. As part of its rulemaking authority pursuant to subsection 7 of this section, the commission shall prescribe a rule allowing an electric utility to comply with the portfolio requirements of subsection 1 of this section using verified megawatt-hour savings captured due to commission-approved demand-side programs under section 393.1075 during each compliance year, whether such annual energy savings is due to measures installed in that compliance year or in previous compliance years beginning with 2022. For purposes of this section, one megawatt-hour of verified energy savings captured through utility-sponsored energy efficiency programs shall count as one megawatt-hour of renewable energy generated, and an electric utility may count such savings as compliance with this section for the duration of the measure life of the energy efficiency measure.

[2] 3. The commission, in consultation with the department and within one year of November 4, 2008, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may comply with the standard in whole or in part by purchasing RECs, provided that such RECs are associated with electricity produced or procured by the electric utility and sold to Missouri customers. An electric utility may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the department is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail

rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the department to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the division of energy solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3] 4. As provided for in this section, [except for those electrical corporations that qualify for an exemption under section 393.1050,] each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection [2] 3 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection [2] 3 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

[4] 5. The department shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

[5. In carrying out the provisions of this section, the commission and the department shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.]

6. The commission shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. [Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2013, shall be invalid and void.]

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-115)

Subject

Initiative petition from James Owen regarding a proposed amendment to Chapter 393 of the Revised Statutes of Missouri. (Received September 4, 2019)

Date

September 24, 2019

Description

This proposal would amend Chapter 393 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and the **Missouri Joint Municipal Electric Utility Commission**.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials the **Department of Higher Education and Workforce Development** indicated they report no cost for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated increased operating costs in the General Revenue Fund of $51,249 for fiscal year 2021, $87,538 for fiscal year 2022, and $88,355 for fiscal year 2023.

This initiative petition would also affect the activities of the Public Service Commission (PSC) and the Office of the Public Counsel (OPC).

This initiative petition would increase the Renewable Energy Standard requirement without changing the maximum average retail utility rate increase of one percent in current law. If this cap has not already been reached, then the proposed increases in portfolio standards could result in rate increases up to the cap.

Passed in 2008 by initiative petition, the current Renewable Energy Standard (RES) requires Missouri's regulated electric utilities to meet defined percentages of total retail electrical sales by renewable resources, increasing to 15% by 2021. The Public Service Commission (PSC) determines compliance and has promulgated rule 20 CSR 4240-20.100 to implement the RES provisions.

The Division of Energy's (DE) statutory authority under the RES law includes:

1. Certifying new eligible renewable resources (Section 393.1025(5), RSMo.); and
2. Certifying no undue adverse impacts of renewable electric generation facilities on air, water or land use, including impacts associated with the gathering of generation feedstocks (Section 393.1030.4, RSMo.).

DE has promulgated a rule to implement these provisions at 4 CSR 340-8.010.

Section 393.1025, RSMo. – This section alters the definition of "department" to reflect the transition of DE from the Department of Economic Development to the Department of Natural Resources. This section also modifies the description of "renewable energy resources," which would require a revision to DE's RES rule.

Section 393.1030, RSMo. – The current RES statute requires renewable generation to be 15% of a utility's generation (megawatt-hours) portfolio by January 1, 2021. This language would increase the requirements to the following:

1. No less than 20% for calendar years 2022 through 2024;
2. No less than 27% for calendar years 2025 through 2027;
3. No less than 35% for calendar years 2028 through 2030;
4. No less than 42% for calendar years 2031 through 2034;
5. No less than 50% for calendar years 2035 through 2039; and
6. No less than 100% for calendar year 2050 and each year thereafter.

In addition, the proposal would allow a utility to comply using verified energy savings captured due to energy efficiency or demand-side measures that are approved by the Public Service Commission.

A rulemaking would be necessary to implement the changes relating to the definition of "renewable energy resources," the changes in the required percentages of renewable generation, and the addition of energy efficiency and demand-side programs to the list of eligible measures. Both the increases in the required generation percentages and the eligibility of energy efficiency and demand-side programs would result in a greater number, and new types, of resources needing certification and may require highly technical assessments, which would necessitate one Planner I/II FTE.

Officials from the **Department of Corrections** indicated the fiscal impact is unknown. They are unable to estimate the impact of this legislation on their utility costs. However, based on research, including research completed by the Heritage Foundation, the proposed regulatory changes would be difficult to implement and could significantly increase costs to their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition is expected to have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition, as it is currently set forth, would have no impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated this initiative petition will not have a fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition is anticipated to have no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal would change the renewable energy statutes enacted pursuant to the Missouri Clean Energy Act (Proposition C) in November 2008. This should have no impact on Total State Revenue or the calculation under Article X, Section 18(e) of the Missouri Constitution.

OA-FMDC assumes that Missouri electric providers would be required to install new renewable energy sources to meet the requirements of this petition. According to the U.S. Energy Information Administration, renewable energy resources accounted for only 5.5% of Missouri's net electricity generation in 2018. https://www.eia.gov/state/?sid=MO. OA-FMDC assumes that capital costs for installing renewable energy equipment would make it more costly for electric providers to meet the requirements of this petition and that some of those costs would be passed along to consumers.

For the Office of Administration, OA-FMDC assumes that this petition would result in higher electricity costs for state facilities; however, OA-FMDC has no way of calculating how much that increase would be.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election.

Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In (fiscal year) FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from **St. Louis County** indicated they do not think this proposed statutory amendment, if enacted, would have a fiscal impact on their county government.

Officials from the **City of Kansas City** indicated this initiative petition will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they have no way of determining an actual cost or savings benefit to their school from this petition's proposals; however, they are fairly confident that there will be a substantial cost to all rate-payers in the state for the development of the infrastructure and technology needed to comply with this.

Officials from **Metropolitan Community College** indicated unknown fiscal impact. Additional expenses are always passed down to the consumer (assuming the electric

utilities have additional expense converting energy sources). Without knowing the cost to the utility company(ies) and the downhill affect, it is difficult to know how it will affect their college. Last fiscal year (7/1/18-6/30/19), they paid $2.3 million for electricity. The smallest increase could easily have a significant impact. For example, a 1% increase would result in $23,000 ongoing additional expense.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, University of Missouri, St. Louis Community College,** and the **Missouri Joint Municipal Electric Utility Commission**.

Fiscal Note Summary

State governmental entities estimate additional employment costs of approximately $88,000 annually. Additionally, state and local governmental entities anticipate possible increased costs of electricity, but the amount is unknown.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 3, 2019

RECEIVED
SEP 04 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from James Owen regarding a proposed statutory amendment to Chapter 393, version 2 (2020-114)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by James Owen on September 3, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the people of the state of Missouri:

Sections 393.1025 through 393.1030, RSMo. are amended to read as follows:

393.1025. As used in sections 393.1020 to 393.1030, the following terms mean:

(1) "Commission", the public service commission;

(2) "Department", the department of [economic development] natural resources;

(3) "Electric utility", any electrical corporation as defined by section 386.020;

(4) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; and

(5) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, [dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a total facility nameplate rating capacity of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources,] and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the department.

393.1030. 1. The commission shall, in consultation with the department, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirement shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

(1) No less than [two] twenty percent for calendar years [2011] 2022 through [2013] 2024;

(2) No less than [five] twenty-seven percent for calendar years [2014] 2025 through [2017] 2027;

(3) No less than [ten] thirty-five percent for calendar years [2018] 2028 through [2020] 2030; [and]

(4) No less than forty-two percent for calendar years 2031 through 2034; and

[(4)] (5) No less than [fifteen] fifty percent [in each] for calendar year [beginning in 2021] 2035 and each year thereafter.

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.[2]5 kilowatt-hours for purposes of compliance.

2. Notwithstanding any other provisions of this section, an electric utility may comply with this section using energy savings captured due to energy efficiency or demand-side measures. As part of its rulemaking authority pursuant to subsection 7 of this section, the commission shall prescribe a rule allowing an electric utility to comply with the portfolio requirements of subsection 1 of this section using verified megawatt-hour savings captured due to commission-approved demand-side programs under section 393.1075 during each compliance year, whether such annual energy savings is due to measures installed in that compliance year or in previous compliance years beginning with 2022. For purposes of this section, one megawatt-hour of verified energy savings captured through utility-sponsored energy efficiency programs shall count as one megawatt-hour of renewable energy generated, and an electric utility may count such savings as compliance with this section for the duration of the measure life of the energy efficiency measure.

[2] 3. The commission, in consultation with the department and within one year of November 4, 2008, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may comply with the standard in whole or in part by purchasing RECs, provided that such RECs are associated with electricity produced or procured by the electric utility and sold to Missouri customers. At least fifty percent of the energy or RECs offered for compliance each year shall come from resources not owned by the electric utility or an electric utility affiliate. An electric utility may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the department is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail

rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the department to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the division of energy solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3] 4. As provided for in this section, [except for those electrical corporations that qualify for an exemption under section 393.1050,] each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection [2] 3 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection [2] 3 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

[4] 5. The department shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

[5. In carrying out the provisions of this section, the commission and the department shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.]

6. The commission shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. [Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2013, shall be invalid and void.]

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-114)

Subject

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Date

September 24, 2019

Description

This proposal would amend Chapter 393 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and the **Missouri Joint Municipal Electric Utility Commission**.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials the **Department of Higher Education and Workforce Development** indicated they report no cost for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated increased operating costs in the General Revenue Fund of $51,249 for fiscal year 2021, $87,538 for fiscal year 2022, and $88,355 for fiscal year 2023.

This initiative petition would also affect the activities of the Public Service Commission (PSC) and the Office of the Public Counsel (OPC).

This initiative petition would increase the Renewable Energy Standard requirement without changing the maximum average retail utility rate increase of one percent in current law. If this cap has not already been reached, then the proposed increases in portfolio standards could result in rate increases up to the cap.

Passed in 2008 by initiative petition, the current Renewable Energy Standard (RES) requires Missouri's regulated electric utilities to meet defined percentages of total retail electrical sales by renewable resources, increasing to 15% by 2021. The Public Service Commission (PSC) determines compliance and has promulgated rule 20 CSR 4240-20.100 to implement the RES provisions.

The Division of Energy's (DE) statutory authority under the RES law includes:

1. Certifying new eligible renewable resources (Section 393.1025(5), RSMo.); and
2. Certifying no undue adverse impacts of renewable electric generation facilities on air, water or land use, including impacts associated with the gathering of generation feedstocks (Section 393.1030.4, RSMo.).

DE has promulgated a rule to implement these provisions at 4 CSR 340-8.010.

Section 393.1025, RSMo. – This section alters the definition of "department" to reflect the transition of DE from the Department of Economic Development to the Department of Natural Resources. This section also modifies the description of "renewable energy resources," which would require a revision to DE's RES rule.

Section 393.1030, RSMo. – The current RES statute requires renewable generation to be 15% of a utility's generation (megawatt-hours) portfolio by January 1, 2021. This language would increase the requirements to the following:

1. No less than 20% for calendar years 2022 through 2024;
2. No less than 27% for calendar years 2025 through 2027;
3. No less than 35% for calendar years 2028 through 2030;
4. No less than 42% for calendar years 2031 through 2034;
5. No less than 50% for calendar year 2035 and each year thereafter.

In addition, the proposal would allow a utility to comply using verified energy savings captured due to energy efficiency or demand-side measures that are approved by the Public Service Commission.

A rulemaking would be necessary to implement the changes relating to the definition of "renewable energy resources," the changes in the required percentages of renewable generation, and the addition of energy efficiency and demand-side programs to the list of eligible measures. Both the increases in the required generation percentages and the eligibility of energy efficiency and demand-side programs would result in a greater number, and new types, of resources needing certification and may require highly technical assessments, which would necessitate one Planner I/II FTE.

Officials from the **Department of Corrections** indicated the fiscal impact is unknown. They are unable to estimate the impact of this legislation on their utility costs. However, based on research, including research completed by the Heritage Foundation, the proposed regulatory changes would be difficult to implement and could significantly increase costs to their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition is expected to have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition, as it is currently set forth, would have no impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated this initiative petition will not have a fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition is anticipated to have no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal would change the renewable energy statutes enacted pursuant to the Missouri Clean Energy Act (Proposition C) in November 2008. This should have no impact on Total State Revenue or the calculation under Article X, Section 18(e) of the Missouri Constitution.

OA-FMDC assumes that Missouri electric providers would be required to install new renewable energy sources to meet the requirements of this petition. According to the U.S. Energy Information Administration, renewable energy resources accounted for only 5.5% of Missouri's net electricity generation in 2018. https://www.eia.gov/state/?sid=MO. OA-FMDC assumes that capital costs for installing renewable energy equipment would make it more costly for electric providers to meet the requirements of this petition and that some of those costs would be passed along to consumers.

For the Office of Administration, OA-FMDC assumes that this petition would result in higher electricity costs for state facilities; however, OA-FMDC has no way of calculating how much that increase would be.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state

to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In (fiscal year) FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from **St. Louis County** indicated they do not think this proposed statutory amendment, if enacted, would have a fiscal impact on their county government.

Officials from the **City of Kansas City** indicated this initiative petition will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they have no way of determining an actual cost or savings benefit to their school from this petition's proposals; however, they are fairly confident that there will be a substantial cost to all rate-payers in the state for the development of the infrastructure and technology needed to comply with this.

Officials from **Metropolitan Community College** indicated unknown fiscal impact. Additional expenses are always passed down to the consumer (assuming the electric utilities have additional expense converting energy sources). Without knowing the cost to the utility company(ies) and the downhill affect, it is difficult to know how it will affect their college. Last fiscal year (7/1/18-6/30/19), they paid $2.3 million for electricity. The

smallest increase could easily have a significant impact. For example, a 1% increase would result in $23,000 ongoing additional expense.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, University of Missouri, St. Louis Community College,** and the **Missouri Joint Municipal Electric Utility Commission**.

Fiscal Note Summary

State governmental entities estimate additional employment costs of approximately $88,000 annually. Additionally, state and local governmental entities anticipate possible increased costs of electricity, but the amount is unknown.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
SEP 04 2019
STATE AUDITORS OFFICE

September 3, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from James Owen regarding a proposed statutory amendment to Chapter 393, version 1 (2020-113)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by James Owen on September 3, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

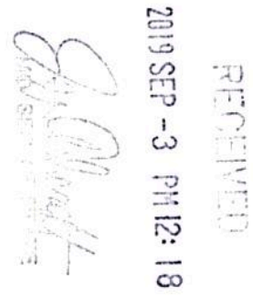
County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.



(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the people of the state of Missouri:

Sections 393.1025 through 393.1030, RSMo. are amended to read as follows:

393.1025. As used in sections 393.1020 to 393.1030, the following terms mean:

(1) "Commission", the public service commission;

(2) "Department", the department of [economic development] natural resources;

(3) "Electric utility", any electrical corporation as defined by section 386.020;

(4) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; and

(5) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, [dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a total facility nameplate rating capacity of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources,] and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the department.

393.1030. 1. The commission shall, in consultation with the department, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirement shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

(1) No less than [two] twenty percent for calendar years [2011] 2022 through [2013] 2024;

(2) No less than [five] twenty-five percent for calendar years [2014] 2025 through [2017] 2027;

(3) No less than [ten] thirty percent for calendar years [2018] 2028 through [2020] 2030; [and]

(4) No less than thirty-five percent for calendar years 2031 through 2033;

(5) No less than forty percent for calendar years 2034 through 2036;

(6) No less than forty-five percent for calendar years 2037 through 2039; and

[(4)] (7) No less than [fifteen] fifty percent [in each] for calendar year [beginning in 2021] 2040 and each year thereafter.

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. Notwithstanding any other provisions of this section, an electric utility may comply with this section using energy savings captured due to energy efficiency or demand-side measures. As part of its rulemaking authority pursuant to subsection 7 of this section, the commission shall prescribe a rule allowing an electric utility to comply with the portfolio requirements of subsection 1 of this section using verified megawatt-hour savings captured due to commission-approved demand-side programs under section 393.1075 during each compliance year, whether such annual energy savings is due to measures installed in that compliance year or in previous compliance years beginning with 2022. For purposes of this section, one megawatt-hour of verified energy savings captured through utility-sponsored energy efficiency programs shall count as one megawatt-hour of renewable energy generated, and an electric utility may count such savings as compliance with this section for the duration of the measure life of the energy efficiency measure.

[2] 3. The commission, in consultation with the department and within one year of November 4, 2008, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may comply with the standard in whole or in part by purchasing RECs, provided that such RECs are associated with electricity produced or procured by the electric utility and sold to Missouri customers. An electric utility may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the department is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail

rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the department to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the division of energy solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3] 4. As provided for in this section, [except for those electrical corporations that qualify for an exemption under section 393.1050,] each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection [2] 3 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection [2] 3 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

[4] 5. The department shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

[5. In carrying out the provisions of this section, the commission and the department shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.]

6. The commission shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. [Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2013, shall be invalid and void.]

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-113)

Subject

Initiative petition from James Owen regarding a proposed amendment to Chapter 393 of the Revised Statutes of Missouri. (Received September 4, 2019)

Date

September 24, 2019

Description

This proposal would amend Chapter 393 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education and Workforce Development,** the **Department of Health and Senior Services,** the **Department of Commerce and Insurance,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and the **Missouri Joint Municipal Electric Utility Commission**.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials the **Department of Higher Education and Workforce Development** indicated they report no cost for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated increased operating costs in the General Revenue Fund of $51,249 for fiscal year 2021, $87,538 for fiscal year 2022, and $88,355 for fiscal year 2023.

This initiative petition would also affect the activities of the Public Service Commission (PSC) and the Office of the Public Counsel (OPC).

This initiative petition would increase the Renewable Energy Standard requirement without changing the maximum average retail utility rate increase of one percent in current law. If this cap has not already been reached, then the proposed increases in portfolio standards could result in rate increases up to the cap.

Passed in 2008 by initiative petition, the current Renewable Energy Standard (RES) requires Missouri's regulated electric utilities to meet defined percentages of total retail electrical sales by renewable resources, increasing to 15% by 2021. The Public Service Commission (PSC) determines compliance and has promulgated rule 20 CSR 4240-20.100 to implement the RES provisions.

The Division of Energy's (DE) statutory authority under the RES law includes:

1. Certifying new eligible renewable resources (Section 393.1025(5), RSMo.); and
2. Certifying no undue adverse impacts of renewable electric generation facilities on air, water or land use, including impacts associated with the gathering of generation feedstocks (Section 393.1030.4, RSMo.).

DE has promulgated a rule to implement these provisions at 4 CSR 340-8.010.

Section 393.1025, RSMo. – This section alters the definition of "department" to reflect the transition of DE from the Department of Economic Development to the Department of Natural Resources. This section also modifies the description of "renewable energy resources," which would require a revision to DE's RES rule.

Section 393.1030, RSMo. – The current RES statute requires renewable generation to be 15% of a utility's generation (megawatt-hours) portfolio by January 1, 2021. This language would increase the requirements to the following:

1. No less than 20% for calendar years 2022 through 2024;
2. No less than 25% for calendar years 2025 through 2027;
3. No less than 30% for calendar years 2028 through 2030;
4. No less than 35% for calendar years 2031 through 2033;
5. No less than 40% for calendar years 2034 through 2036;
6. No less than 45% for calendar years 2037 through 2039; and
7. No less than 50% for calendar year 2040 and each year thereafter.

In addition, the proposal would allow a utility to comply using verified energy savings captured due to energy efficiency or demand-side measures that are approved by the Public Service Commission.

A rulemaking would be necessary to implement the changes relating to the definition of "renewable energy resources," the changes in the required percentages of renewable generation, and the addition of energy efficiency and demand-side programs to the list of eligible measures. Both the increases in the required generation percentages and the eligibility of energy efficiency and demand-side programs would result in a greater number, and new types, of resources needing certification and may require highly technical assessments, which would necessitate one Planner I/II FTE.

Officials from the **Department of Corrections** indicated the fiscal impact is unknown. They are unable to estimate the impact of this legislation on their utility costs. However, based on research, including research completed by the Heritage Foundation, the proposed regulatory changes would be difficult to implement and could significantly increase costs to their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition is expected to have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition, as it is currently set forth, would have no impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated this initiative petition will not have a fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition is anticipated to have no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal would change the renewable energy statutes enacted pursuant to the Missouri Clean Energy Act (Proposition C) in November 2008. This should have no impact on Total State Revenue or the calculation under Article X, Section 18(e) of the Missouri Constitution.

OA-FMDC assumes that Missouri electric providers would be required to install new renewable energy sources to meet the requirements of this petition. According to the U.S. Energy Information Administration, renewable energy resources accounted for only 5.5% of Missouri's net electricity generation in 2018. https://www.eia.gov/state/?sid=MO. OA-FMDC assumes that capital costs for installing renewable energy equipment would make it more costly for electric providers to meet the requirements of this petition and that some of those costs would be passed along to consumers.

For the Office of Administration, OA-FMDC assumes that this petition would result in higher electricity costs for state facilities; however, OA-FMDC has no way of calculating how much that increase would be.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election.

Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In (fiscal year) FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from **St. Louis County** indicated they do not think this proposed statutory amendment, if enacted, would have a fiscal impact on their county government.

Officials from the **City of Kansas City** indicated this initiative petition will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they have no way of determining an actual cost or savings benefit to their school from this petition's proposals; however, they are fairly confident that there will be a substantial cost to all rate-payers in the state for the development of the infrastructure and technology needed to comply with this.

Officials from **Metropolitan Community College** indicated unknown fiscal impact. Additional expenses are always passed down to the consumer (assuming the electric

utilities have additional expense converting energy sources). Without knowing the cost to the utility company(ies) and the downhill affect, it is difficult to know how it will affect their college. Last fiscal year (7/1/18-6/30/19), they paid $2.3 million for electricity. The smallest increase could easily have a significant impact. For example, a 1% increase would result in $23,000 ongoing additional expense.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, University of Missouri, St. Louis Community College,** and the **Missouri Joint Municipal Electric Utility Commission**.

Fiscal Note Summary

State governmental entities estimate additional employment costs of approximately $88,000 annually. Additionally, state and local governmental entities anticipate possible increased costs of electricity, but the amount is unknown.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

August 9, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
AUG 09 2019
STATE AUDITORS OFFICE

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, version 8 (2020-112)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on August 8, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

20-112

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

	NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								

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2019 AUG -8 PM 3:52

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer:_____

Signature of Affiant (Person obtaining signatures)

Printed Name of Affiant

Street Address of Affiant

City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary

Address of Notary

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting three new sections to be known as Article VIII, Sections 24, 25, and 26.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting three new sections to be known as Article VIII, Sections 24, 25, and 26 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services and the department of conservation to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election, except that the location shall be open for two hours before and two hours after regularly scheduled business hours during each of the six days before election day.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive an absentee ballot.

(6) Absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7) Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-112)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received August 9, 2019)

Date

August 29, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $64,852 for fiscal year (FY) 2021 for salary cots and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, Department of Corrections, and other state agencies as described in Section 5 (4) are also affected by this proposal.

IT Consultants	75	708.48	53,136

Section 5 (2)

The proposed language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021

Update Webpage - Administrative Analyst III	10 hrs. x $19.80 =	$198.00

Driver License Bureau FY 2021

Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager -	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,716

OA-ITSD

Fiscal Note	20-112		ITSD -	DOR	
IP Number	20-112				
Will a new system be required?			Yes	X	No
Indicate fiscal year when fully implemented			FY	2021	

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2021	FY 2022	FY 2023
General Revenue	53,136	-	-
Other	-	-	-
Federal Funds	-	-	-
Total	53,136	-	-

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) 0

			FY 2021	FY 2022	FY 2023
MODL	Rate	Hours	$	$	$
IT Consultants	75	708.48	53,136	-	-
Other Costs:					
0	-	0		-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
Section Total Other Costs:			-	-	-
Section Total Expenditures:			53,136	-	-
Section Funding:	General Revenue		53,136	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		53,136	-	-

The department also provided the following comments:

Section 5 (2)
For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact, as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting three new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day. The Secretary of State and all local election authorities shall make available a list of all voters who cast absentee ballots.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Additionally, this petition requires local election authorities to maintain office hours for two hours earlier and two hours later than their normal business hours for six days prior to an election (while the wording is ambiguous, their assumption is that this refers to normal business days). This increase would require additional staffing costs for the equivalent of 696 judge-days statewide (two judges for the equivalent of 3 days in 116 jurisdictions). Again assuming an average payment of $125 per judge-day, this would amount to $87,000 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated the following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **20.9%** of the population is under **18** years old, which accounts for **60,957** residents. They have on average **190,000** registered voters, of which about **30,000** (**16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
AP = Annual Pay

291,923 R's – 60,957 R's under **18 yrs** = **230,966 R's 18 yrs** or older

230,966 R's 18 yrs or older – **190,000 RV's = 40,966 PV's**

40,966 PV's x .50 MC = $20,483

40,966 PV x 1.06 CPC2P = $43,423.96

If they have approximately **40,966 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$20,483 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$43,423.96** to the cost when it is multiplied by the estimated **40,966** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost will be **$24,689.60** per hire for their annual pay. The total annual cost for two fulltime hires will be **$49,379.20.**

40,966 PV's x .50 MC	**= $20,483**
40,966 PV's x 1.06 CPC2P	**= $43,423.96**
2 FTH x $24,689.60 AP	**= $49,379.20**
Total:	**= $113,286.16**

The total estimated initial cost for Greene County for **IP 20-112** proposing to amend Article VIII, version 8, will cost Greene County **$113,286.16** with a minimum ongoing cost of **$49,379.20** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from **St. Louis County** indicated this initiative petition does not appear as though it would have a direct fiscal impact on St. Louis County Government. However, there is the possibility that the St. Louis County Board of Elections would incur additional operational expenses and would seek additional appropriations from the County General Fund to cover the expenses. The Board of Elections intends to make a separate reply.

Officials from the **City of Kansas City** indicated this will have no fiscal impact on their city.

Officials from the **City of St. Louis/Board of Election Commissioners City of St. Louis** indicated this initiative petition would have a negative fiscal impact.

The Board of Election Commissioners is supportive of this initiative, but believes that the increase in costs would be hard to manage as a result of this amendment. Following are rough estimates for expected increases:

1) Hiring 2 full-time employees at $32,000 each.
2) Hiring 4-6 temporary staff members in the Absentee department for 10 40-hour work weeks at $15.00 an hour.
3) Printing and postal costs for applications and ballots will triple in the Absentee department, increasing expenses by $305,000.
4) Printing and postal costs for missing information letters and ENC notices will triple in the Registration department, increasing expenses by $1,205.
5) Increase in Business Reply Mail Return costs for absentee application and ballots will increase by $75,000.
6) Election day absentee ballot counters will triple in size, increasing costs by $15,000.
7) Ballot order will increase due to the increase in registrations, but the fiscal impact is tough to estimate.
8) Registration overtime costs will increase for data entry of new registrations but fiscal impact is tough to estimate.
9) Cost of supplies, such as paper, pens, etc. would increase by about $5,000.

The Director of Board of Election Commissioners noted that these are merely rough estimates and the actual fiscal impact is hard to determine.

Officials from **Wellsville-Middletown R-1 School District** indicated they do not see any fiscal impact of these petitions that is unique to their district. Any costs related to these may come out of general revenue which will have a negative impact to some degree on all state funded entities.

Officials from **Metropolitan Community College** indicated no direct fiscal impact.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $47,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend and 16 hours on the weekdays, and at a rate of $5,000 per every 8 hours, this would cost $17,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Kansas City Election Board** indicated if this initiative petition is passed, election costs definitely increase at least $50,000 per election for additional postage, printing, training, staff overtime, temporary employees, legal notices and location rentals to process these additional services. Additionally, at least 2 to 4 permanent staff would need to be hired at $35,000 each, including benefits.

Officials from the **Platte County Election Board** indicated the additional hours proposed in the petition would add about $5,000 to the cost of an election.

Officials from the **State Auditor's office** indicated the proposed language, if implemented, should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

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[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from the **Department of Higher Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, University of Missouri, St. Louis Community College,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $745,000 in one-time costs, $192,000 in annual costs, and $658,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

August 9, 2019

RECEIVED
AUG 09 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, version 7 (2020-111)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on August 8, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

20-111

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer:_____

Signature of Affiant (Person obtaining signatures)

Printed Name of Affiant

Street Address of Affiant

City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary

Address of Notary

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services and the department of conservation to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election, except that the location shall be open for two hours before and two hours after regularly scheduled business hours during each of the six days before election day.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive an absentee ballot.

(6) Absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7) Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. A citizen who is at least 16 years old and otherwise meets all eligibility requirements of Section 2 shall be provided an opportunity to pre-register to vote as provided herein.

(1) Such individual may pre-register pursuant to the registration process in Section 5 of this Article; or

(2) Such individual may choose to register pursuant to any other registration procedure available under general election law.

(3) Notwithstanding pre-registration, such individual shall not be eligible to vote unless they will be 18 years of age or older on or before the day of the election in which they seek to cast a ballot.

Section 27. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-111)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received August 9, 2019)

Date

August 29, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $83,483 for fiscal year (FY) 2021 for salary cots and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, Department of Corrections, and other state agencies as described in Section 5 (4) are also affected by this proposal.

IT Consultants	75	885.60	66,420

Section 5 (2)

The proposed constitutional amendment petition language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- Coordinate with OA-ITSD to develop a data pull process for defining records for submission to Secretary of State.
- Coordinate with OA-ITSD to develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

- Implement MEDL changes to the signature collection and certification processes for all transactions to include updates related to automatic voter registration.
- Implement modifications to license verification statement or generated money receipt or temporary driving privilege document to include additional information related to automatic voter registration.

Section 27

An individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote as provided herein.

(1) Such individuals shall be pre-registered pursuant to the registration process in Section 5 of this Article.
(2) Such individual may choose to register pursuant to any other registration procedure available under general election law.

The Department would be required to:

- Develop file generation edits to ensure driver license, nondriver license, and permit applicants age 16 and over are included in the new weekly file sent to the Secretary of State.
- Implement MEDL changes to enable voter questions and responses to any eligible applicant age 16 and older.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021

Update Webpage - Administrative Analyst III	10 hrs. x $19.80 =	$198.00

Driver License Bureau FY 2021

Requirements development and testing:

Administrative Analyst II –	360 hrs. x $17.13 per hr. =	$6,166.80
Management Analyst Spec. II –	440 hrs. x $20.57 per hr. =	$9,050.80
Revenue Manager -	80 hrs. x $20.59 per hr. =	$1,647.20
		T**otal = $16,864.80**

OA-ITSD

Fiscal Note	20-111	ITSD -	DOR	
IP Number	20-111			
Will a new system be required?		Yes	X	No
Indicate fiscal year when fully implemented		FY	2021	

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2021	FY 2022	FY 2023
General Revenue	66,420	-	-
Other	-	-	-
Federal Funds	-	-	-
Total	66,420	-	-

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) 0

			FY 2021	FY 2022	FY 2023
MODL	Rate	Hours	$	$	$
IT Consultants	75	885.60	66,420	-	-
Other Costs:					
0	-	0		-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
Section Total Other Costs:			-	-	-
Section Total Expenditures:			66,420	-	-
Section Funding:	General Revenue		66,420	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		66,420	-	-

The department also provided the following comments:

Section 5 (2)
For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Section 27
The Department assumes this minimum age applies to the file transfer to Secretary of State and will not change current voter registration application provisions which limit completion of an application to persons age 17 ½ years of age or older with a certification that they will be 18 years of age on or before election date.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact, as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue

derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting four new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

The proposal provides that an individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote. Such individuals are prohibited from casting a ballot until they meet all voter eligibility requirements.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Additionally, this petition requires local election authorities to maintain office hours for two hours earlier and two hours later than their normal business hours for six days prior to an election (while the wording is ambiguous, their assumption is that this refers to normal business days). This increase would require additional staffing costs for the equivalent of

696 judge-days statewide (two judges for the equivalent of 3 days in 116 jurisdictions). Again assuming an average payment of $125 per judge-day, this would amount to $87,000 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated the following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **18.7%** of the population is under **16** years old, which accounts for **54,515** residents. They have on average **190,000** registered voters, of which about **30,000** (**16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
PTH = Part-time Hire
AP = Annual Pay

291,923 R's – 50,415 R's under **16 yrs** = **241,508 R's 16 yrs** or older

241,508 R's 16 yrs or older – **190,000 RV's = 51,508 PV's**

51,508 PV's x .50 MC = $20,000 + fees **= $25,754**

51,508 PV x 1.06 CPC2P = $54,598.48

If they have approximately **51,508 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$25,754 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$54,598.48** to the cost when it is multiplied by the estimated **51,508** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** and **1 PTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost per **FTH** will be **$24,689.60** per hire for their annual pay and **$12,026.90** annual pay for the **PTH**. The total annual cost for two fulltime hires will be **$49,379.20.**

51,508 PV's x .50 MC	**= $25,754**
51,508 PV x 1.06 CPC2	**= $54,598.48**
2 FTH x $24,689.60 AP	**= $49,379.20**
1 PTH x $12,026.90 AP	**= $12,026.90**
Total:	**= $141,758.58**

The total estimated initial cost for Greene County for **IP 20-111** proposing to amend Article VIII, version 7, will cost Greene County **$141,758.58** with a minimum ongoing cost of **$61,406.10** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from **St. Louis County** indicated this initiative petition does not appear as though it would have a direct fiscal impact on St. Louis County Government. However, there is the possibility that the St. Louis County Board of Elections would incur additional operational expenses and would seek additional appropriations from the County General Fund to cover the expenses. The Board of Elections intends to make a separate reply.

Officials from the **City of Kansas City** indicated this will have no fiscal impact on their city.

Officials from the **City of St. Louis/Board of Election Commissioners City of St. Louis** indicated this initiative petition would have a negative fiscal impact.

The Board of Election Commissioners is supportive of this initiative, but believes that the increase in costs would be hard to manage as a result of this amendment. Following are rough estimates for expected increases:

1) Hiring 2 full-time employees at $32,000 each.
2) Hiring 4-6 temporary staff members in the Absentee department for 10 40-hour work weeks at $15.00 an hour.
3) Printing and postal costs for applications and ballots will triple in the Absentee department, increasing expenses by $305,000.
4) Printing and postal costs for missing information letters and ENC notices will triple in the Registration department, increasing expenses by $1,205.
5) Increase in Business Reply Mail Return costs for absentee application and ballots will increase by $75,000.

6) Election day absentee ballot counters will triple in size, increasing costs by $15,000.
7) Ballot order will increase due to the increase in registrations, but the fiscal impact is tough to estimate.
8) Registration overtime costs will increase for data entry of new registrations but fiscal impact is tough to estimate.
9) Cost of supplies, such as paper, pens, etc. would increase by about $5,000.

The Director of Board of Election Commissioners noted that these are merely rough estimates and the actual fiscal impact is hard to determine.

Officials from **Wellsville-Middletown R-1 School District** indicated they do not see any fiscal impact of these petitions that is unique to their district. Any costs related to these may come out of general revenue which will have a negative impact to some degree on all state funded entities.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $47,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend and 16 hours on the weekdays, and at a rate of $5,000 per every 8 hours, this would cost $17,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Kansas City Election Board** indicated if this initiative petition is passed, election costs definitely increase at least $50,000 per election for additional postage, printing, training, staff overtime, temporary employees, legal notices and location rentals to process these additional services. Additionally, at least 2 to 4 permanent staff would need to be hired at $35,000 each, including benefits.

Officials from the **Platte County Election Board** indicated the additional hours proposed in the petition would add about $5,000 to the cost of an election.

Officials from the **State Auditor's office** indicated the proposed language, if implemented, should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

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[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from the **Department of Higher Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, University of Missouri, St. Louis Community College,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $756,000 in one-time costs, $204,000 in annual costs, and $658,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

August 9, 2019

RECEIVED
AUG 09 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, version 6 (2020-110)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on August 8, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

20-110

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

	NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								

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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer:_____

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary _____

Address of Notary _____

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting three new sections to be known as Article VIII, Sections 24, 25, and 26.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting three new sections to be known as Article VIII, Sections 24, 25, and 26 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services and the department of conservation to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election, except that the location shall be open for two hours before and two hours after regularly scheduled business hours during each of the six days before election day.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive an absentee ballot.

(6) Absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7) Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-110)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received August 9, 2019)

Date

August 29, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $64,852 for fiscal year (FY) 2021 for salary cots and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, Department of Corrections, and other state agencies as described in Section 5 (4) are also affected by this proposal.

IT Consultants	75	708.48	53,136

Section 5 (2)

The proposed language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021

Update Webpage - Administrative Analyst III	10 hrs. x $19.80 =	$198.00

Driver License Bureau FY 2021

Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager -	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,716

OA-ITSD

Fiscal Note	20-110	ITSD -	DOR	
IP Number	20-110			
Will a new system be required?		Yes	X	No
Indicate fiscal year when fully implemented		FY	2021	

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2021	FY 2022	FY 2023
General Revenue	53,136	-	-
Other	-	-	-
Federal Funds	-	-	-
Total	53,136	-	-

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) 0

			FY 2021	FY 2022	FY 2023
MODL	Rate	Hours	$	$	$
IT Consultants	75	708.48	53,136	-	-
Other Costs:					
0	-	0		-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
Section Total Other Costs:			-	-	-
Section Total Expenditures:			53,136	-	-
Section Funding:	General Revenue		53,136	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		53,136	-	-

The department also provided the following comments:

Section 5 (2)
For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact, as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting three new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Additionally, this petition requires local election authorities to maintain office hours for two hours earlier and two hours later than their normal business hours for six days prior to an election (while the wording is ambiguous, their assumption is that this refers to normal business days). This increase would require additional staffing costs for the equivalent of 696 judge-days statewide (two judges for the equivalent of 3 days in 116 jurisdictions). Again assuming an average payment of $125 per judge-day, this would amount to $87,000 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated the following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **20.9%** of the population is under **18** years old, which accounts for **60,957** residents. They have on average **190,000** registered voters, of which about **30,000** (**16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
AP = Annual Pay

291,923 R's – 60,957 R's under **18 yrs** = **230,966 R's 18 yrs** or older

230,966 R's 18 yrs or older – **190,000 RV's = 40,966 PV's**

40,966 PV's x .50 MC = $20,483

40,966 PV x 1.06 CPC2P = $43,423.96

If they have approximately **40,966 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$20,483 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$43,423.96** to the cost when it is multiplied by the estimated **40,966** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost will be **$24,689.60** per hire for their annual pay. The total annual cost for two fulltime hires will be **$49,379.20.**

40,966 PV's x .50 MC	**= $20,483**
40,966 PV's x 1.06 CPC2P	**= $43,423.96**
2 FTH x $24,689.60 AP	**= $49,379.20**
Total:	**= $113,286.16**

The total estimated initial cost for Greene County for **IP 20-110** proposing to amend Article VIII, version 6, will cost Greene County **$113,286.16** with a minimum ongoing cost of **$49,379.20** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from **St. Louis County** indicated this initiative petition does not appear as though it would have a direct fiscal impact on St. Louis County Government. However, there is the possibility that the St. Louis County Board of Elections would incur additional operational expenses and would seek additional appropriations from the County General Fund to cover the expenses. The Board of Elections intends to make a separate reply.

Officials from the **City of Kansas City** indicated this will have no fiscal impact on their city.

Officials from the **City of St. Louis/Board of Election Commissioners City of St. Louis** indicated this initiative petition would have a negative fiscal impact.

The Board of Election Commissioners is supportive of this initiative, but believes that the increase in costs would be hard to manage as a result of this amendment. Following are rough estimates for expected increases:

1) Hiring 2 full-time employees at $32,000 each.
2) Hiring 4-6 temporary staff members in the Absentee department for 10 40-hour work weeks at $15.00 an hour.
3) Printing and postal costs for applications and ballots will triple in the Absentee department, increasing expenses by $305,000.
4) Printing and postal costs for missing information letters and ENC notices will triple in the Registration department, increasing expenses by $1,205.
5) Increase in Business Reply Mail Return costs for absentee application and ballots will increase by $75,000.
6) Election day absentee ballot counters will triple in size, increasing costs by $15,000.
7) Ballot order will increase due to the increase in registrations, but the fiscal impact is tough to estimate.
8) Registration overtime costs will increase for data entry of new registrations but fiscal impact is tough to estimate.
9) Cost of supplies, such as paper, pens, etc. would increase by about $5,000.

The Director of Board of Election Commissioners noted that these are merely rough estimates and the actual fiscal impact is hard to determine.

Officials from **Wellsville-Middletown R-1 School District** indicated they do not see any fiscal impact of these petitions that is unique to their district. Any costs related to these may come out of general revenue which will have a negative impact to some degree on all state funded entities.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $47,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend and 16 hours on the weekdays, and at a rate of $5,000 per every 8 hours, this would cost $17,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Kansas City Election Board** indicated if this initiative petition is passed, election costs definitely increase at least $50,000 per election for additional postage, printing, training, staff overtime, temporary employees, legal notices and location rentals to process these additional services. Additionally, at least 2 to 4 permanent staff would need to be hired at $35,000 each, including benefits.

Officials from the **Platte County Election Board** indicated the additional hours proposed in the petition would add about $5,000 to the cost of an election.

Officials from the **State Auditor's office** indicated the proposed language, if implemented, should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

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[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from the **Department of Higher Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, University of Missouri, St. Louis Community College,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $745,000 in one-time costs, $192,000 in annual costs, and $658,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

August 9, 2019

RECEIVED
AUG 09 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, version 5 (2020-109)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on August 8, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

20-109

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer:_____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Affiant (Person obtaining signatures)

Printed Name of Affiant

Street Address of Affiant

City, State and Zip Code of Affiant

Signature of Notary

Address of Notary

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services and the department of conservation to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election, except that the location shall be open for two hours before and two hours after regularly scheduled business hours during each of the six days before election day.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive an absentee ballot.

(6) Absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7) Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. A citizen who is at least 16 years old and otherwise meets all eligibility requirements of Section 2 shall be provided an opportunity to pre-register to vote as provided herein.

(1) Such individual may pre-register pursuant to the registration process in Section 5 of this Article; or

(2) Such individual may choose to register pursuant to any other registration procedure available under general election law.

(3) Notwithstanding pre-registration, such individual shall not be eligible to vote unless they will be 18 years of age or older on or before the day of the election in which they seek to cast a ballot.

Section 27. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-109)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received August 9, 2019)

Date

August 29, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $83,483 for fiscal year (FY) 2021 for salary cots and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, Department of Corrections, and other state agencies as described in Section 5 (4) are also affected by this proposal.

IT Consultants	75	885.60	66,420

Section 5 (2)

The proposed constitutional amendment petition language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- Coordinate with OA-ITSD to develop a data pull process for defining records for submission to Secretary of State.
- Coordinate with OA-ITSD to develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

- Implement MEDL changes to the signature collection and certification processes for all transactions to include updates related to automatic voter registration.
- Implement modifications to license verification statement or generated money receipt or temporary driving privilege document to include additional information related to automatic voter registration.

Section 27

An individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote as provided herein.

(1) Such individuals shall be pre-registered pursuant to the registration process in Section 5 of this Article.
(2) Such individual may choose to register pursuant to any other registration procedure available under general election law.

The Department would be required to:

- Develop file generation edits to ensure driver license, nondriver license, and permit applicants age 16 and over are included in the new weekly file sent to the Secretary of State.
- Implement MEDL changes to enable voter questions and responses to any eligible applicant age 16 and older.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021

Update Webpage - Administrative Analyst III	10 hrs. x $19.80 =	$198.00

Driver License Bureau FY 2021

Requirements development and testing:

Administrative Analyst II –	360 hrs. x $17.13 per hr. =	$6,166.80
Management Analyst Spec. II –	440 hrs. x $20.57 per hr. =	$9,050.80
Revenue Manager -	80 hrs. x $20.59 per hr. =	$1,647.20
		T**otal = $16,864.80**

OA-ITSD

Fiscal Note	20-109		ITSD -	DOR	
IP Number	20-109				
Will a new system be required?			Yes	X	No
Indicate fiscal year when fully implemented			FY	2021	

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2021	FY 2022	FY 2023
General Revenue	66,420	-	-
Other	-	-	-
Federal Funds	-	-	-
Total	66,420	-	-

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) 0

			FY 2021	FY 2022	FY 2023
MODL	Rate	Hours	$	$	$
IT Consultants	75	885.60	66,420	-	-
Other Costs:					
0	-	0		-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
Section Total Other Costs:			-	-	-
Section Total Expenditures:			66,420	-	-
Section Funding:	General Revenue		66,420	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		66,420	-	-

The department also provided the following comments:

Section 5 (2)
For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Section 27
The Department assumes this minimum age applies to the file transfer to Secretary of State and will not change current voter registration application provisions which limit completion of an application to persons age 17 ½ years of age or older with a certification that they will be 18 years of age on or before election date.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact, as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue

derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting four new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day. The Secretary of State and all local election authorities shall make available a list of all voters who cast absentee ballots.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

The proposal provides that an individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote. Such individuals are prohibited from casting a ballot until they meet all voter eligibility requirements.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Additionally, this petition requires local election authorities to maintain office hours for two hours earlier and two hours later than their normal business hours for six days prior to

an election (while the wording is ambiguous, their assumption is that this refers to normal business days). This increase would require additional staffing costs for the equivalent of 696 judge-days statewide (two judges for the equivalent of 3 days in 116 jurisdictions). Again assuming an average payment of $125 per judge-day, this would amount to $87,000 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated the following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **18.7%** of the population is under **16** years old, which accounts for **54,515** residents. They have on average **190,000** registered voters, of which about **30,000** (**16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
PTH = Part-time Hire
AP = Annual Pay

291,923 R's – **50,415 R's** under **16 yrs** = **241,508 R's 16 yrs** or older

241,508 R's 16 yrs or older – **190,000 RV's = 51,508 PV's**

51,508 PV's x .50 MC = $20,000 + fees **= $25,754**

51,508 PV x 1.06 CPC2P = $54,598.48

If they have approximately **51,508 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$25,754 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$54,598.48** to the cost when it is multiplied by the estimated **51,508** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** and **1 PTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost per **FTH** will be **$24,689.60** per hire for their annual pay and **$12,026.90** annual pay for the **PTH**. The total annual cost for two fulltime hires will be **$49,379.20.**

51,508 PV's x .50 MC	**= $25,754**
51,508 PV x 1.06 CPC2	**= $54,598.48**
2 FTH x $24,689.60 AP	= **$49,379.20**
1 PTH x $12,026.90 AP	**= $12,026.90**
Total:	= **$141,758.58**

The total estimated initial cost for Greene County for **IP 20-109** proposing to amend Article VIII, version 5, will cost Greene County **$141,758.58** with a minimum ongoing cost of **$61,406.10** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from **St. Louis County** indicated this initiative petition does not appear as though it would have a direct fiscal impact on St. Louis County Government. However, there is the possibility that the St. Louis County Board of Elections would incur additional operational expenses and would seek additional appropriations from the County General Fund to cover the expenses. The Board of Elections intends to make a separate reply.

Officials from the **City of Kansas City** indicated this will have no fiscal impact on their city.

Officials from the **City of St. Louis/Board of Election Commissioners City of St. Louis** indicated this initiative petition would have a negative fiscal impact.

The Board of Election Commissioners is supportive of this initiative, but believes that the increase in costs would be hard to manage as a result of this amendment. Following are rough estimates for expected increases:

1) Hiring 2 full-time employees at $32,000 each.
2) Hiring 4-6 temporary staff members in the Absentee department for 10 40-hour work weeks at $15.00 an hour.
3) Printing and postal costs for applications and ballots will triple in the Absentee department, increasing expenses by $305,000.

4) Printing and postal costs for missing information letters and ENC notices will triple in the Registration department, increasing expenses by $1,205.
5) Increase in Business Reply Mail Return costs for absentee application and ballots will increase by $75,000.
6) Election day absentee ballot counters will triple in size, increasing costs by $15,000.
7) Ballot order will increase due to the increase in registrations, but the fiscal impact is tough to estimate.
8) Registration overtime costs will increase for data entry of new registrations but fiscal impact is tough to estimate.
9) Cost of supplies, such as paper, pens, etc. would increase by about $5,000.

The Director of Board of Election Commissioners noted that these are merely rough estimates and the actual fiscal impact is hard to determine.

Officials from **Wellsville-Middletown R-1 School District** indicated they do not see any fiscal impact of these petitions that is unique to their district. Any costs related to these may come out of general revenue which will have a negative impact to some degree on all state funded entities.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $47,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend and 16 hours on the weekdays, and at a rate of $5,000 per every 8 hours, this would cost $17,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Kansas City Election Board** indicated if this initiative petition is passed, election costs definitely increase at least $50,000 per election for additional postage, printing, training, staff overtime, temporary employees, legal notices and location rentals to process these additional services. Additionally, at least 2 to 4 permanent staff would need to be hired at $35,000 each, including benefits.

Officials from the **Platte County Election Board** indicated the additional hours proposed in the petition would add about $5,000 to the cost of an election.

Officials from the **State Auditor's office** indicated the proposed language, if implemented, should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

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[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from the **Department of Higher Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, University of Missouri, St. Louis Community College,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $756,000 in one-time costs, $204,000 in annual costs, and $658,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

August 9, 2019

RECEIVED
AUG 09 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, version 4 (2020-108)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on August 8, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

20-108

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer:_____

Signature of Affiant (Person obtaining signatures)

Printed Name of Affiant

Street Address of Affiant

City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary

Address of Notary

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting three new sections to be known as Article VIII, Sections 24, 25, and 26.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting three new sections to be known as Article VIII, Sections 24, 25, and 26 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services, the department of conservation, and the department of corrections to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be

removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election, except that the location shall be open for two hours before and two hours after regularly scheduled business hours during each of the six days before election day.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive an absentee ballot.

(6) Absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7) Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-108)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received August 9, 2019)

Date

August 29, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact. Based on their interpretation of this legislation, they would be required to provide a list of citizens who are eligible to vote to the Secretary of State upon request. Their response of "no impact" is based on this assumption. Should their interpretation be incorrect and the legislation would require them to actively track, manage, or report information, a fiscal impact to the department is possible.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $64,852 for fiscal year (FY) 2021 for salary cots and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, Department of Corrections, and other state agencies as described in Section 5 (4) are also affected by this proposal.

IT Consultants	75	708.48	53,136

Section 5 (2)

The proposed language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.

- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021
Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021
Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager -	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,716

OA-ITSD

Fiscal Note	20-108		ITSD -	DOR	
IP Number	20-108				
Will a new system be required?			Yes	X	No
Indicate fiscal year when fully implemented			FY	2021	

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2021	FY 2022	FY 2023
General Revenue	53,136	-	-
Other	-	-	-
Federal Funds	-	-	-
Total	53,136	-	-

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) 0

			FY 2021	FY 2022	FY 2023
MODL	Rate	Hours	$	$	$
IT Consultants	75	708.48	53,136	-	-
Other Costs:					
0	-	0		-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
Section Total Other Costs:			-	-	-
Section Total Expenditures:			53,136	-	-
Section Funding:	General Revenue		53,136	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		53,136	-	-

The department also provided the following comments:

Section 5 (2)
For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact, as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting three new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Additionally, this petition requires local election authorities to maintain office hours for two hours earlier and two hours later than their normal business hours for six days prior to an election (while the wording is ambiguous, their assumption is that this refers to normal business days). This increase would require additional staffing costs for the equivalent of 696 judge-days statewide (two judges for the equivalent of 3 days in 116 jurisdictions). Again assuming an average payment of $125 per judge-day, this would amount to $87,000 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated the following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **20.9%** of the population is under **18** years old, which accounts for **60,957** residents. They have on average **190,000** registered voters, of which about **30,000** (**16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
AP = Annual Pay

291,923 R's – 60,957 R's under **18 yrs** = **230,966 R's 18 yrs** or older

230,966 R's 18 yrs or older – **190,000 RV's = 40,966 PV's**

40,966 PV's x .50 MC = $20,483

40,966 PV x 1.06 CPC2P = $43,423.96

If they have approximately **40,966 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$20,483 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$43,423.96** to the cost when it is multiplied by the estimated **40,966** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost will be **$24,689.60** per hire for their annual pay. The total annual cost for two fulltime hires will be **$49,379.20.**

40,966 PV's x .50 MC = $20,483
40,966 PV's x 1.06 CPC2P = $43,423.96
2 FTH x $24,689.60 AP = $49,379.20
Total: = **$113,286.16**

The total estimated initial cost for Greene County for **IP 20-108** proposing to amend Article VIII, version 4, will cost Greene County **$113,286.16** with a minimum ongoing cost of **$49,379.20** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from **St. Louis County** indicated this initiative petition does not appear as though it would have a direct fiscal impact on St. Louis County Government. However, there is the possibility that the St. Louis County Board of Elections would incur additional operational expenses and would seek additional appropriations from the County General Fund to cover the expenses. The Board of Elections intends to make a separate reply.

Officials from the **City of Kansas City** indicated this will have no fiscal impact on their city.

Officials from the **City of St. Louis/Board of Election Commissioners City of St. Louis** indicated this initiative petition would have a negative fiscal impact.

The Board of Election Commissioners is supportive of this initiative, but believes that the increase in costs would be hard to manage as a result of this amendment. Following are rough estimates for expected increases:

1) Hiring 2 full-time employees at $32,000 each.
2) Hiring 4-6 temporary staff members in the Absentee department for 10 40-hour work weeks at $15.00 an hour.
3) Printing and postal costs for applications and ballots will triple in the Absentee department, increasing expenses by $305,000.
4) Printing and postal costs for missing information letters and ENC notices will triple in the Registration department, increasing expenses by $1,205.
5) Increase in Business Reply Mail Return costs for absentee application and ballots will increase by $75,000.
6) Election day absentee ballot counters will triple in size, increasing costs by $15,000.
7) Ballot order will increase due to the increase in registrations, but the fiscal impact is tough to estimate.
8) Registration overtime costs will increase for data entry of new registrations but fiscal impact is tough to estimate.
9) Cost of supplies, such as paper, pens, etc. would increase by about $5,000.

The Director of Board of Election Commissioners noted that these are merely rough estimates and the actual fiscal impact is hard to determine.

Officials from **Wellsville-Middletown R-1 School District** indicated they do not see any fiscal impact of these petitions that is unique to their district. Any costs related to these may come out of general revenue which will have a negative impact to some degree on all state funded entities.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $47,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend and 16 hours on the weekdays, and at a rate of $5,000 per every 8 hours, this would cost $17,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Kansas City Election Board** indicated if this initiative petition is passed, election costs definitely increase at least $50,000 per election for additional postage, printing, training, staff overtime, temporary employees, legal notices and location rentals to process these additional services. Additionally, at least 2 to 4 permanent staff would need to be hired at $35,000 each, including benefits.

Officials from the **Platte County Election Board** indicated the additional hours proposed in the petition would add about $5,000 to the cost of an election.

Officials from the **State Auditor's office** indicated the proposed language, if implemented, should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

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[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from the **Department of Higher Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, University of Missouri, St. Louis Community College,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $745,000 in one-time costs, $192,000 in annual costs, and $658,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

August 9, 2019

RECEIVED
AUG 09 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, version 3 (2020-107)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on August 8, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

20-107

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 AUG -8 PM 3:47
SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

	NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer:_____

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary _____

Address of Notary _____

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services, the department of conservation, and the department of corrections to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be

removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election, except that the location shall be open for two hours before and two hours after regularly scheduled business hours during each of the six days before election day.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive an absentee ballot.

(6) Absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7) Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. A citizen who is at least 16 years old and otherwise meets all eligibility requirements of Section 2 shall be provided an opportunity to pre-register to vote as provided herein.

(1) Such individual may pre-register pursuant to the registration process in Section 5 of this Article; or

(2) Such individual may choose to register pursuant to any other registration procedure available under general election law.

(3) Notwithstanding pre-registration, such individual shall not be eligible to vote unless they will be 18 years of age or older on or before the day of the election in which they seek to cast a ballot.

Section 27. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-107)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received August 9, 2019)

Date

August 29, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact. Based on their interpretation of this legislation, they would be required to provide a list of citizens who are eligible to vote to the Secretary of State upon request. Their response of "no impact" is based on this assumption. Should their interpretation be incorrect and the legislation would require them to actively track, manage, or report information, a fiscal impact to the department is possible.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $83,483 for fiscal year (FY) 2021 for salary cots and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, Department of Corrections, and other state agencies as described in Section 5 (4) are also affected by this proposal.

IT Consultants	75	885.60	66,420

Section 5 (2)

The proposed constitutional amendment petition language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- Coordinate with OA-ITSD to develop a data pull process for defining records for submission to Secretary of State.
- Coordinate with OA-ITSD to develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.

- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.
- Implement MEDL changes to the signature collection and certification processes for all transactions to include updates related to automatic voter registration.
- Implement modifications to license verification statement or generated money receipt or temporary driving privilege document to include additional information related to automatic voter registration.

Section 27

An individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote as provided herein.

(1) Such individuals shall be pre-registered pursuant to the registration process in Section 5 of this Article.

(2) Such individual may choose to register pursuant to any other registration procedure available under general election law.

The Department would be required to:

- Develop file generation edits to ensure driver license, nondriver license, and permit applicants age 16 and over are included in the new weekly file sent to the Secretary of State.
- Implement MEDL changes to enable voter questions and responses to any eligible applicant age 16 and older.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021

Update Webpage - Administrative Analyst III	10 hrs. x $19.80 =	$198.00

Driver License Bureau FY 2021

Requirements development and testing:

Administrative Analyst II –	360 hrs. x $17.13 per hr. =	$6,166.80
Management Analyst Spec. II –	440 hrs. x $20.57 per hr. =	$9,050.80
Revenue Manager -	80 hrs. x $20.59 per hr. =	$1,647.20
		Total = $16,864.80

OA-ITSD

Fiscal Note	20-107		ITSD -	DOR	
IP Number	20-107				
Will a new system be required?			Yes	X	No
Indicate fiscal year when fully implemented			FY	2021	

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2021	FY 2022	FY 2023
General Revenue	66,420	-	-
Other	-	-	-
Federal Funds	-	-	-
Total	66,420	-	-

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) 0

			FY 2021	FY 2022	FY 2023
MODL	Rate	Hours	$	$	$
IT Consultants	75	885.60	66,420	-	-
Other Costs:					
0	-	0		-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
Section Total Other Costs:			-	-	-
Section Total Expenditures:			66,420	-	-

Section Funding:				
General Revenue	66,420	-	-
Federal	-	-	-
Other	-	-	-
Total	66,420	-	-

The department also provided the following comments:

Section 5 (2)
For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Section 27
The Department assumes this minimum age applies to the file transfer to Secretary of State and will not change current voter registration application provisions which limit completion of an application to persons age 17 ½ years of age or older with a certification that they will be 18 years of age on or before election date.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact, as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue

derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting four new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day. The Secretary of State and all local election authorities shall make available a list of all voters who cast absentee ballots.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

The proposal provides that an individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote. Such individuals are prohibited from casting a ballot until they meet all voter eligibility requirements.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Additionally, this petition requires local election authorities to maintain office hours for two hours earlier and two hours later than their normal business hours for six days prior to

an election (while the wording is ambiguous, their assumption is that this refers to normal business days). This increase would require additional staffing costs for the equivalent of 696 judge-days statewide (two judges for the equivalent of 3 days in 116 jurisdictions). Again assuming an average payment of $125 per judge-day, this would amount to $87,000 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated the following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **18.7%** of the population is under **16** years old, which accounts for **54,515** residents. They have on average **190,000** registered voters, of which about **30,000** (**16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
PTH = Part-time Hire
AP = Annual Pay

291,923 R's – **50,415 R's** under **16 yrs** = **241,508 R's 16 yrs** or older

241,508 R's 16 yrs or older – **190,000 RV's = 51,508 PV's**

51,508 PV's x .50 MC = $20,000 + fees **= $25,754**

51,508 PV x 1.06 CPC2P = $54,598.48

If they have approximately **51,508 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$25,754 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$54,598.48** to the cost when it is multiplied by the estimated **51,508** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** and **1 PTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost per **FTH** will be **$24,689.60** per hire for their annual pay and **$12,026.90** annual pay for the **PTH**. The total annual cost for two fulltime hires will be **$49,379.20.**

51,508 PV's x .50 MC	**= $25,754**
51,508 PV x 1.06 CPC2	**= $54,598.48**
2 FTH x $24,689.60 AP	= **$49,379.20**
1 PTH x $12,026.90 AP	**= $12,026.90**
Total:	= **$141,758.58**

The total estimated initial cost for Greene County for **IP 20-107** proposing to amend Article VIII, version 3, will cost Greene County **$141,758.58** with a minimum ongoing cost of **$61,406.10** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from **St. Louis County** indicated this initiative petition does not appear as though it would have a direct fiscal impact on St. Louis County Government. However, there is the possibility that the St. Louis County Board of Elections would incur additional operational expenses and would seek additional appropriations from the County General Fund to cover the expenses. The Board of Elections intends to make a separate reply.

Officials from the **City of Kansas City** indicated this will have no fiscal impact on their city.

Officials from the **City of St. Louis/Board of Election Commissioners City of St. Louis** indicated this initiative petition would have a negative fiscal impact.

The Board of Election Commissioners is supportive of this initiative, but believes that the increase in costs would be hard to manage as a result of this amendment. Following are rough estimates for expected increases:

1) Hiring 2 full-time employees at $32,000 each.
2) Hiring 4-6 temporary staff members in the Absentee department for 10 40-hour work weeks at $15.00 an hour.
3) Printing and postal costs for applications and ballots will triple in the Absentee department, increasing expenses by $305,000.

4) Printing and postal costs for missing information letters and ENC notices will triple in the Registration department, increasing expenses by $1,205.
5) Increase in Business Reply Mail Return costs for absentee application and ballots will increase by $75,000.
6) Election day absentee ballot counters will triple in size, increasing costs by $15,000.
7) Ballot order will increase due to the increase in registrations, but the fiscal impact is tough to estimate.
8) Registration overtime costs will increase for data entry of new registrations but fiscal impact is tough to estimate.
9) Cost of supplies, such as paper, pens, etc. would increase by about $5,000.

The Director of Board of Election Commissioners noted that these are merely rough estimates and the actual fiscal impact is hard to determine.

Officials from **Wellsville-Middletown R-1 School District** indicated they do not see any fiscal impact of these petitions that is unique to their district. Any costs related to these may come out of general revenue which will have a negative impact to some degree on all state funded entities.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $47,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend and 16 hours on the weekdays, and at a rate of $5,000 per every 8 hours, this would cost $17,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Kansas City Election Board** indicated if this initiative petition is passed, election costs definitely increase at least $50,000 per election for additional postage, printing, training, staff overtime, temporary employees, legal notices and location rentals to process these additional services. Additionally, at least 2 to 4 permanent staff would need to be hired at $35,000 each, including benefits.

Officials from the **Platte County Election Board** indicated the additional hours proposed in the petition would add about $5,000 to the cost of an election.

Officials from the **State Auditor's office** indicated the proposed language, if implemented, should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

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[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from the **Department of Higher Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, University of Missouri, St. Louis Community College,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $756,000 in one-time costs, $204,000 in annual costs, and $658,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

August 9, 2019

RECEIVED
AUG 09 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, version 2 (2020-106)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on August 8, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

20-106

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

	NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								

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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer:_____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Affiant (Person obtaining signatures)

Printed Name of Affiant

Street Address of Affiant

City, State and Zip Code of Affiant

Signature of Notary

Address of Notary

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services, the department of conservation, and the department of corrections to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be

removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election, except that the location shall be open for two hours before and two hours after regularly scheduled business hours during each of the six days before election day.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive an absentee ballot.

(6) Absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7) Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. A citizen who is at least 16 years old and otherwise meets all eligibility requirements of Section 2 shall be provided an opportunity to pre-register to vote as provided herein.

(1) Such individual may pre-register pursuant to the registration process in Section 5 of this Article; or

(2) Such individual may choose to register pursuant to any other registration procedure available under general election law.

(3) Notwithstanding pre-registration, such individual shall not be eligible to vote unless they will be 18 years of age or older on or before the day of the election in which they seek to cast a ballot.

Section 27. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-106)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received August 9, 2019)

Date

August 29, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact. Based on their interpretation of this legislation, they would be required to provide a list of citizens who are eligible to vote to the Secretary of State upon request. Their response of "no impact" is based on this assumption. Should their interpretation be incorrect and the legislation would require them to actively track, manage, or report information, a fiscal impact to the department is possible.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $83,483 for fiscal year (FY) 2021 for salary cots and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, Department of Corrections, and other state agencies as described in Section 5 (4) are also affected by this proposal.

IT Consultants	75	885.60	66,420

Section 5 (2)

The proposed constitutional amendment petition language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- Coordinate with OA-ITSD to develop a data pull process for defining records for submission to Secretary of State.
- Coordinate with OA-ITSD to develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.

- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.
- Implement MEDL changes to the signature collection and certification processes for all transactions to include updates related to automatic voter registration.
- Implement modifications to license verification statement or generated money receipt or temporary driving privilege document to include additional information related to automatic voter registration.

Section 27

An individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote as provided herein.

(1) Such individuals shall be pre-registered pursuant to the registration process in Section 5 of this Article.

(2) Such individual may choose to register pursuant to any other registration procedure available under general election law.

The Department would be required to:

- Develop file generation edits to ensure driver license, nondriver license, and permit applicants age 16 and over are included in the new weekly file sent to the Secretary of State.
- Implement MEDL changes to enable voter questions and responses to any eligible applicant age 16 and older.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021

Update Webpage - Administrative Analyst III	10 hrs. x $19.80 =	$198.00

Driver License Bureau FY 2021

Requirements development and testing:

Administrative Analyst II –	360 hrs. x $17.13 per hr. =	$6,166.80
Management Analyst Spec. II –	440 hrs. x $20.57 per hr. =	$9,050.80
Revenue Manager -	80 hrs. x $20.59 per hr. =	$1,647.20
		Total = $16,864.80

OA-ITSD

Fiscal Note	20-106		ITSD -	DOR	
IP Number	20-106				
Will a new system be required?			Yes	X	No
Indicate fiscal year when fully implemented			FY	2021	

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2021	FY 2022	FY 2023
General Revenue	66,420	-	-
Other	-	-	-
Federal Funds	-	-	-
Total	66,420	-	-

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) 0

			FY 2021	FY 2022	FY 2023
MODL	Rate	Hours	$	$	$
IT Consultants	75	885.60	66,420	-	-
Other Costs:					
0	-	0		-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
Section Total Other Costs:			-	-	-
Section Total Expenditures:			66,420	-	-
Section Funding:	General Revenue		66,420	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		66,420	-	-

The department also provided the following comments:

Section 5 (2)
For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Section 27
The Department assumes this minimum age applies to the file transfer to Secretary of State and will not change current voter registration application provisions which limit completion of an application to persons age 17 ½ years of age or older with a certification that they will be 18 years of age on or before election date.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact, as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue

derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting four new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

The proposal provides that an individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote. Such individuals are prohibited from casting a ballot until they meet all voter eligibility requirements.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Additionally, this petition requires local election authorities to maintain office hours for two hours earlier and two hours later than their normal business hours for six days prior to an election (while the wording is ambiguous, their assumption is that this refers to normal business days). This increase would require additional staffing costs for the equivalent of

696 judge-days statewide (two judges for the equivalent of 3 days in 116 jurisdictions). Again assuming an average payment of $125 per judge-day, this would amount to $87,000 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated the following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **18.7%** of the population is under **16** years old, which accounts for **54,515** residents. They have on average **190,000** registered voters, of which about **30,000** (**16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
PTH = Part-time Hire
AP = Annual Pay

291,923 R's – 50,415 R's under **16 yrs** = **241,508 R's 16 yrs** or older

241,508 R's 16 yrs or older – **190,000 RV's = 51,508 PV's**

51,508 PV's x .50 MC = $20,000 + fees **= $25,754**

51,508 PV x 1.06 CPC2P = $54,598.48

If they have approximately **51,508 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$25,754 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$54,598.48** to the cost when it is multiplied by the estimated **51,508** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** and **1 PTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost per **FTH** will be **$24,689.60** per hire for their annual pay and **$12,026.90** annual pay for the **PTH**. The total annual cost for two fulltime hires will be **$49,379.20.**

51,508 PV's x .50 MC	**= $25,754**
51,508 PV x 1.06 CPC2	**= $54,598.48**
2 FTH x $24,689.60 AP	**= $49,379.20**
1 PTH x $12,026.90 AP	**= $12,026.90**
Total:	= **$141,758.58**

The total estimated initial cost for Greene County for **IP 20-106** proposing to amend Article VIII, version 2, will cost Greene County **$141,758.58** with a minimum ongoing cost of **$61,406.10** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from **St. Louis County** indicated this initiative petition does not appear as though it would have a direct fiscal impact on St. Louis County Government. However, there is the possibility that the St. Louis County Board of Elections would incur additional operational expenses and would seek additional appropriations from the County General Fund to cover the expenses. The Board of Elections intends to make a separate reply.

Officials from the **City of Kansas City** indicated this will have no fiscal impact on their city.

Officials from the **City of St. Louis/Board of Election Commissioners City of St. Louis** indicated this initiative petition would have a negative fiscal impact.

The Board of Election Commissioners is supportive of this initiative, but believes that the increase in costs would be hard to manage as a result of this amendment. Following are rough estimates for expected increases:

1) Hiring 2 full-time employees at $32,000 each.
2) Hiring 4-6 temporary staff members in the Absentee department for 10 40-hour work weeks at $15.00 an hour.
3) Printing and postal costs for applications and ballots will triple in the Absentee department, increasing expenses by $305,000.
4) Printing and postal costs for missing information letters and ENC notices will triple in the Registration department, increasing expenses by $1,205.
5) Increase in Business Reply Mail Return costs for absentee application and ballots will increase by $75,000.

6) Election day absentee ballot counters will triple in size, increasing costs by $15,000.
7) Ballot order will increase due to the increase in registrations, but the fiscal impact is tough to estimate.
8) Registration overtime costs will increase for data entry of new registrations but fiscal impact is tough to estimate.
9) Cost of supplies, such as paper, pens, etc. would increase by about $5,000.

The Director of Board of Election Commissioners noted that these are merely rough estimates and the actual fiscal impact is hard to determine.

Officials from **Wellsville-Middletown R-1 School District** indicated they do not see any fiscal impact of these petitions that is unique to their district. Any costs related to these may come out of general revenue which will have a negative impact to some degree on all state funded entities.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $47,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend and 16 hours on the weekdays, and at a rate of $5,000 per every 8 hours, this would cost $17,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Kansas City Election Board** indicated if this initiative petition is passed, election costs definitely increase at least $50,000 per election for additional postage, printing, training, staff overtime, temporary employees, legal notices and location rentals to process these additional services. Additionally, at least 2 to 4 permanent staff would need to be hired at $35,000 each, including benefits.

Officials from the **Platte County Election Board** indicated the additional hours proposed in the petition would add about $5,000 to the cost of an election.

Officials from the **State Auditor's office** indicated the proposed language, if implemented, should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

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[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from the **Department of Higher Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, University of Missouri, St. Louis Community College,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $756,000 in one-time costs, $204,000 in annual costs, and $658,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

August 9, 2019

RECEIVED
AUG 09 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, version 1 (2020-105)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on August 8, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

20-105

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED 2019 AUG -8 PM 3:45

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

	NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer:_____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Affiant (Person obtaining signatures)

Printed Name of Affiant

Street Address of Affiant

City, State and Zip Code of Affiant

Signature of Notary

Address of Notary

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting three new sections to be known as Article VIII, Sections 24, 25, and 26.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting three new sections to be known as Article VIII, Sections 24, 25, and 26 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services, the department of conservation, and the department of corrections to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be

removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election, except that the location shall be open for two hours before and two hours after regularly scheduled business hours during each of the six days before election day.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive an absentee ballot.

(6) Absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7) Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-105)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received August 9, 2019)

Date

August 29, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact. Based on their interpretation of this legislation, they would be required to provide a list of citizens who are eligible to vote to the Secretary of State upon request. Their response of "no impact" is based on this assumption. Should their interpretation be incorrect and the legislation would require them to actively track, manage, or report information, a fiscal impact to the department is possible.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $64,852 for fiscal year (FY) 2021 for salary cots and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, Department of Corrections, and other state agencies as described in Section 5 (4) are also affected by this proposal.

IT Consultants	75	708.48	53,136

Section 5 (2)

The proposed language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.

- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021
Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021
Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager -	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,716

OA-ITSD

Fiscal Note	20-105	ITSD -	DOR	
IP Number	20-105			
Will a new system be required?		Yes	X	No
Indicate fiscal year when fully implemented		FY	2021	

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2021	FY 2022	FY 2023
General Revenue	53,136	-	-
Other	-	-	-
Federal Funds	-	-	-
Total	53,136	-	-

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) 0

			FY 2021	FY 2022	FY 2023
MODL	Rate	Hours	$	$	$
IT Consultants	75	708.48	53,136	-	-
Other Costs:					
0	-	0		-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
0	-	0	-	-	-
Section Total Other Costs:			-	-	-
Section Total Expenditures:			53,136	-	-
Section Funding:	General Revenue		53,136	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		53,136	-	-

The department also provided the following comments:

Section 5 (2)
For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact, as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting three new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day. The Secretary of State and all local election authorities shall make available a list of all voters who cast absentee ballots.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Additionally, this petition requires local election authorities to maintain office hours for two hours earlier and two hours later than their normal business hours for six days prior to an election (while the wording is ambiguous, their assumption is that this refers to normal business days). This increase would require additional staffing costs for the equivalent of 696 judge-days statewide (two judges for the equivalent of 3 days in 116 jurisdictions). Again assuming an average payment of $125 per judge-day, this would amount to $87,000 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated the following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **20.9%** of the population is under **18** years old, which accounts for **60,957** residents. They have on average **190,000** registered voters, of which about **30,000** (**16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
AP = Annual Pay

291,923 R's – 60,957 R's under **18 yrs** = **230,966 R's 18 yrs** or older

230,966 R's 18 yrs or older – **190,000 RV's = 40,966 PV's**

40,966 PV's x .50 MC = $20,483

40,966 PV x 1.06 CPC2P = $43,423.96

If they have approximately **40,966 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$20,483 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$43,423.96** to the cost when it is multiplied by the estimated **40,966** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost will be **$24,689.60** per hire for their annual pay. The total annual cost for two fulltime hires will be **$49,379.20.**

40,966 PV's x .50 MC	**= $20,483**
40,966 PV's x 1.06 CPC2P	**= $43,423.96**
2 FTH x $24,689.60 AP	**= $49,379.20**
Total:	**= $113,286.16**

The total estimated initial cost for Greene County for **IP 20-105** proposing to amend Article VIII, version 1, will cost Greene County **$113,286.16** with a minimum ongoing cost of **$49,379.20** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from **St. Louis County** indicated this initiative petition does not appear as though it would have a direct fiscal impact on St. Louis County Government. However, there is the possibility that the St. Louis County Board of Elections would incur additional operational expenses and would seek additional appropriations from the County General Fund to cover the expenses. The Board of Elections intends to make a separate reply.

Officials from the **City of Kansas City** indicated this will have no fiscal impact on their city.

Officials from the **City of St. Louis/Board of Election Commissioners City of St. Louis** indicated this initiative petition would have a negative fiscal impact.

The Board of Election Commissioners is supportive of this initiative, but believes that the increase in costs would be hard to manage as a result of this amendment. Following are rough estimates for expected increases:

1) Hiring 2 full-time employees at $32,000 each.
2) Hiring 4-6 temporary staff members in the Absentee department for 10 40-hour work weeks at $15.00 an hour.
3) Printing and postal costs for applications and ballots will triple in the Absentee department, increasing expenses by $305,000.
4) Printing and postal costs for missing information letters and ENC notices will triple in the Registration department, increasing expenses by $1,205.
5) Increase in Business Reply Mail Return costs for absentee application and ballots will increase by $75,000.
6) Election day absentee ballot counters will triple in size, increasing costs by $15,000.
7) Ballot order will increase due to the increase in registrations, but the fiscal impact is tough to estimate.
8) Registration overtime costs will increase for data entry of new registrations but fiscal impact is tough to estimate.
9) Cost of supplies, such as paper, pens, etc. would increase by about $5,000.

The Director of Board of Election Commissioners noted that these are merely rough estimates and the actual fiscal impact is hard to determine.

Officials from **Wellsville-Middletown R-1 School District** indicated they do not see any fiscal impact of these petitions that is unique to their district. Any costs related to these may come out of general revenue which will have a negative impact to some degree on all state funded entities.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $47,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend and 16 hours on the weekdays, and at a rate of $5,000 per every 8 hours, this would cost $17,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Kansas City Election Board** indicated if this initiative petition is passed, election costs definitely increase at least $50,000 per election for additional postage, printing, training, staff overtime, temporary employees, legal notices and location rentals to process these additional services. Additionally, at least 2 to 4 permanent staff would need to be hired at $35,000 each, including benefits.

Officials from the **Platte County Election Board** indicated the additional hours proposed in the petition would add about $5,000 to the cost of an election.

Officials from the **State Auditor's office** indicated the proposed language, if implemented, should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

---

[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from the **Department of Higher Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, University of Missouri, St. Louis Community College,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $745,000 in one-time costs, $192,000 in annual costs, and $658,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

July 31, 2019

RECEIVED
JUL 31 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article III (2020-104)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on July 31, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 JUL 31 AM 8:56

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20___

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article III of the Constitution is revised by amending Section 52(b) to read as follows:

Section 52(b). The veto power of the governor shall not extend to measures referred to the people. All elections on measures referred to the people shall be had at the general state elections, except when the general assembly shall order a special election. Any measure referred to the people shall take effect when approved by a majority of the votes cast thereon, and not otherwise. This section shall not be construed to deprive any member of the general assembly of the right to introduce any measure. However, any measure passed by the general assembly that alters, amends, or repeals a statute proposed through the initiative and subsequently approved by a majority of the votes cast thereon shall not take effect unless and until it is also approved by the people.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

July 26, 2019

RECEIVED
JUL 26 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article III (2020-103)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on July 26, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 JUL 26 AM 9:05

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20___

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article III of the Constitution is revised by amending Section 52(b) to read as follows:

Section 52(b). The veto power of the governor shall not extend to measures referred to the people. All elections on measures referred to the people shall be had at the general state elections, except when the general assembly shall order a special election. Any measure referred to the people shall take effect when approved by a majority of the votes cast thereon, and not otherwise. This section shall not be construed to deprive any member of the general assembly of the right to introduce any measure. However, any measure passed by the general assembly that alters, amends, or repeals a statute proposed through the initiative and subsequently approved by a majority of the votes cast thereon shall not take effect unless and until it is also approved by the people.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-103)

Subject

Initiative petition from Winston Apple regarding a proposed constitutional amendment to Article III. (Received July 26, 2019)

Date

August 15, 2019

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November, 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this initiative petition will be no impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated they see this initiative petition to have no impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition would have no fiscal impact on their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal amends Article III of the Constitution of Missouri by requiring that any measure passed by the General Assembly that alters, amends, or repeals a statute proposed through initiative and subsequently approved by the people shall not take effect unless and until it is also approved by the people.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In (fiscal year) FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these

requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they see no specific fiscal impact of this petition on their school.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated no impact.

The State Auditor's office did not receive a response from the **Department of Higher Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State and local governmental entities estimate no costs or savings from this proposal.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

July 25, 2019

RECEIVED
JUL 25 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article III (2020-102)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on July 25, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 JUL 25 AM 8:55

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Street address of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20___

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article III of the Constitution is revised by repealing Sections 10 and 14 and amending Sections 3, 5, 6, 7, 9, 11 and 20(d), to read as follows:

Article III Section 3. [(a) There is hereby established the post of "Nonpartisan State Demographer". The nonpartisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing legislative redistricting maps on the basis of each federal census for presentation to the house apportionment commission and the senatorial apportionment commission.]

[(b) The nonpartisan state demographer shall be selected through the following process. First, state residents may apply for selection to the state auditor using an application developed by the state auditor to determine an applicant's qualifications and expertise relevant to the position. Second, the state auditor shall deliver to the majority leader and minority leader of the senate a list of at least three applicants with sufficient expertise and qualifications, as determined by the state auditor, to perform the duties of the nonpartisan state demographer. Third, if the majority leader and minority leader of the senate together agree that a specific applicant should be selected to be the nonpartisan state demographer, that applicant shall be selected and the selection process shall cease. Fourth, if the majority leader and minority leader of the senate cannot together agree on an applicant, they may each remove a number of applicants on the state auditor's list equal to one-third of the total number of applicants on that list, rounded down to the next integer, and the state auditor shall then conduct a random lottery of the applicants remaining after removal to select the nonpartisan state demographer. The state auditor shall prescribe a time frame and deadlines for this application and selection process that both encourages numerous qualified applicants and avoids delay in selection. The nonpartisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the nonpartisan state demographer position, an individual shall not have served in a partisan, elected position for four years prior to the appointment. The nonpartisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent legislative redistricting map to the house apportionment commission or the senatorial apportionment commission.]

[(c)] The house of representatives shall consist of [one hundred sixty-three] twenty members from each congressional district elected at each general election [and apportioned as provided in this section] for a term of two years.

[(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the nonpartisan state demographer shall begin the preparation of legislative districting plans and maps using the following methods, listed in order of priority:

a. Districts shall be established on the basis of total population. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census;

b. Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be designed in a manner that achieves both partisan fairness and, secondarily, competitiveness. **"Partisan fairness"** means that parties shall be able to translate their popular support into legislative representation with approximately equal efficiency. **"Competitiveness"** means that parties' legislative representation shall be substantially and similarly responsive to shifts in the electorate's preferences.

To this end, the nonpartisan state demographer shall calculate the average electoral performance of the two parties receiving the most votes in the three preceding elections for governor, for United States Senate, and for President of the United States. This index shall be defined as the total votes received by each party in the three preceding elections for governor, for United States Senate, and for President of the United States, divided by the total votes cast for both parties in these elections. Using this index, the nonpartisan state demographer shall calculate the total number of wasted votes for each party, summing across all of the districts in the plan. **"Wasted votes"** are votes cast for a losing candidate or for a winning candidate in excess of the fifty percent threshold needed for victory. In any plan of apportionment and map of the proposed districts submitted to the respective apportionment commission, the nonpartisan state demographer shall ensure the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

To promote competitiveness, the nonpartisan state demographer shall use the electoral performance index to simulate elections in which the hypothetical statewide vote shifts by one percent, two percent, three percent, four percent, and five percent in favor of each party. The vote in each individual district shall be assumed to shift by the same amount as the statewide vote. The nonpartisan state demographer shall ensure that, in each of these simulated elections, the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable;

c. Subject to the requirements of paragraphs a. and b. of this subdivision, districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous;

d. To the extent consistent with paragraphs a. to c. of this subdivision, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county;

e. Preference shall be that districts are compact in form, but the standards established by paragraphs a. to d. of this subdivision take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.]

[(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.]

[(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the nonpartisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the nonpartisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.]

Article III Section 5. The senate shall consist of thirty-four members elected by the qualified voters of the [senatorial districts] state of Missouri for a term of four years. [Senatorial districts shall be apportioned as provided for in Article III, Section 7.]

Article III Section 6. Each senator shall be thirty years of age, and next before the day of his election shall have been a qualified voter and a resident of the state for [three] two years [and a resident of the district which he is chosen to represent for one year, if such district shall have been so long established, and if not, then of the district or districts from which the same shall have been taken].

Article III Section 7. [(a) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the nonpartisan state demographer authorized in Article III, Section 3 shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the house of representatives.

(b) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, or within sixty days after a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(c) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the nonpartisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by this subsection, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the nonpartisan state demographer provided that such changes are consistent with this section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the house of representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.]

(a) An ordered list of candidates, ranked by number of votes received, from most to least, from each political party that is to appear on the ballot for both the senate and the house of representatives in each general election will be determined by means of a primary election, with each party electing a number of candidates up to, but not exceeding, the number of representatives to be elected from a congressional district, and senators to be elected state-wide. All qualified candidates who file for each party's nomination will appear on the primary ballot for that party. Registered voters will be allowed to vote in one, and only one, party's primary election, and will cast a single vote for a single candidate to be nominated from that party for each office to be elected in the general election to follow.

(b) A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the house in each congressional district by presenting petitions signed by one-half of one per cent of the legal voters in that congressional district. An independent candidate may qualify for a place on the ballot in a congressional district by presenting petitions signed by one-fifth of one percent of the legal voters in that congressional district. A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the senate by presenting petitions signed by one-half of one per cent of the legal voters in the state of Missouri. An independent candidate may qualify for a place on the ballot for the senate by presenting petitions signed by one-fifth of one percent of the legal voters in the state of Missouri. The number of "legal voters" is equal to, and determined by, the total vote for governor in the general election last preceding. Said petitions are to be delivered to the secretary of state no later than ninety days preceding the primary election.

(c) The signatures on petitions submitted by independent candidates and political parties shall be subject to verification according to the procedures in the code of state regulations for independent candidate petitions in force at the time the petitions are submitted.

(d) In each general election, each voter will cast a single vote for the election of representatives and a single vote for the election of senators, in each case voting for the ordered list of a political party, or for a single independent candidate appearing on the ballot, or for a single write-in vote for a candidate not appearing on the ballot, having properly registered with the secretary of state as a write-in candidate.

(e) To determine how many candidates in the house of representatives and the senate will be elected from each political party and which independent or write-in candidates will be elected (if any), the total number of valid votes cast for all parties and independent candidates will be divided by the number of seats to be elected to the house of representatives or to the senate. The resulting number will then be rounded to the nearest whole number. The total number of votes cast for each party or independent or write-in candidate will then be divided by that number and that number of candidates from each party is elected, with any remaining votes for each party above the number needed to elect that many candidates calculated as "surplus votes" for that party. Any independent candidate or valid write-in candidate receiving at least the number of votes needed for a seat is elected. The votes for any party or independent candidate falling short of the number needed to be elected are also treated as surplus votes.

(f) The number of candidates thus elected is calculated and subtracted from the total number of candidates to be elected. If additional candidates remain to be elected, the highest ordered remaining candidate from the party list or independent candidate with the highest number of surplus votes, is elected. The number of surplus votes required to be elected is then deducted from that party's or candidate's total votes and the process repeated until the requisite number of candidates has been elected.

(g) A political party or independent candidate having surplus votes, but not having enough surplus votes to win an additional seat, or a seat, may have those surplus votes transferred to another political party or independent candidate by notifying the Secretary of State in writing at least fourteen days before the date of the general election, specifying the political party or independent candidate that is to receive their surplus votes, under these conditions.

(h) In both primary and general elections, officials shall determine a random selection algorithm, prior to tabulation, to resolve ties between candidates. If a tie occurs at any point in the tabulation procedure and tabulation cannot proceed until the tie is resolved, then the random selection algorithm shall resolve the tie.

(i) If a senator or representative resigns, dies, or is removed from office for any reason during the subsequent legislative sessions, the seat shall be filled by the next candidate from her or his party's ordered list, or in the case of an independent candidate, the candidate who would have been elected had there been one more member elected using the prescribed method for tabulating votes.

Article III Section 9. Until the convening of the Seventy-fourth General Assembly the House of Representatives shall consist of one hundred sixty-three members elected from the one hundred sixty-three representative districts, as they existed January 1, 1965. Beginning with the election of representatives in the primary and general elections to be held in the year two thousand and twenty-two the House of Representatives shall consist of twenty members elected from each congressional district. In the event that members of Congress from Missouri are elected at large, congressional district boundaries will still be drawn and used in the election of members of the Missouri House of Representatives.

[Article III Section 10. The last decennial census of the United States shall be used in apportioning representatives and determining the population of senatorial and representative districts. Such districts may be altered from time to time as public convenience may require.]

Article III Section 11. The first election of senators and representatives under this constitution, shall be held at the general election in the year one thousand nine hundred and forty-six when the whole number of representatives and the senators from the districts having even numbers, who shall compose the first class, shall be elected, and two years thereafter the whole number of representatives and the senators from districts having odd numbers, who shall compose the second class, shall be elected, and so on at each succeeding general election. Beginning with the primary and general elections to be held in the year two thousand and twenty-two senators will continue to be divided into two classes, with senators from each class, as the term of that class expires, to be elected at large on a state-wide basis.

[Article III Section 14. Writs of election to fill vacancies in either house of the general assembly shall be issued by the governor.]

Article III Section 20(d). If any provision of sections 2, 3, 5, 6, 7, 9, 11, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-102)

Subject

Initiative petition from Winston Apple regarding a proposed constitutional amendment to Article III. (Received July 25, 2019)

Date

August 14, 2019

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated:

This initiative petition's impact will not be realized until fiscal year (FY) 23 (102nd General Assembly). The estimated annual savings from the reduction of 3 members (8 congressional districts x 20 = 160) in today's values is $253,021. The impact to FY 23, given a start date in the middle of the fiscal year, would include only half the salaries of the three members and legislative assistants and half the expense account funding as well (so $142,299).

Member salary = 3 x $35,915 = $107,745
Member expense accounts = 3 x $8,400 = $25,200
Session mileage = 3 x 267 (average weekly roundtrip mileage) x .43 x 19 (weeks of session) = $6,544
Session per diem = 3 x $119.20 x 70 (days of session) = $25,032
Legislative Assistant salary = 3 x $29,500 = $88,500.
TOTAL = $253,021

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition is anticipated to have no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal amends Article III of the Missouri Constitution by repealing Sections 10 and 14 and amending Sections 3, 5, 6, 7, 9, 11 and 20(d).

The proposed amendment would:

- Amend Section 3 by:
  - Removing language relating to the establishment of the post of non-partisan state demographer;
  - Removing provisions concerning the number of State House members (163);
  - Requiring that the House of Representatives consist of twenty members from each of the State's Congressional districts; and
  - Removing language creating the House and Senatorial Apportionment Commissions.
- Amend Section 5 by:
  - Removing the requirement for senatorial districts; and
  - Striking the language voters of the "districts" and adding voters of the "state."
- Amend Section 6 by adding the requirement that state senatorial candidates be a resident of the State and changing the minimum duration from three years to two.

- Amend Section 7 by:
  - Striking all of the language referring to the drawing of legislative districts; and
  - Adding language that changes the election process and process to fill vacancies for State Representatives and Senators.
- Amend Section 9 by adding language starting the new election process in the year 2022 and requiring twenty House members be elected from each U.S. Congressional district.
- Repeal Section 10, which requires that Census data be used in redistricting and which allows that "districts may be altered from time to time as public convenience may require."
- Amend Section 11 by adding language making clear that the Senate will have two classes with staggered elections beginning in the year 2022.
- Repeal Section 14, which grants the Governor the authority to issue writs of election to fill vacancies in either house of the general assembly.
- Amend Section 20(d) by adding Sections 5, 6, 9 and 11 to the list of applicable sections of Article III.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated petition 2020-102 would change the composition of the General Assembly and cause representatives to be elected by congressional district and senators on a statewide basis. At each primary election, voters would see a list of all representative candidates in their congressional district and a list of all senate candidates from the state, with the ability to vote for one candidate from each list. This consolidation into congressional districts may incur the following costs:

Re-programming voting machines: Voting machines in Missouri are currently programmed to accept only single-page ballots – each of these machines would need to be reprogrammed to accept multiple-page ballots due to the potential for large numbers of candidates to file for each congressional district's seats (at both the primary and general elections).

Postage Costs: mailing envelopes used to return absentee ballots are printed with business reply permits – pursuant to RSMo 115.285. Local Election Authorities are reimbursed for these costs by the Missouri Secretary of State's Office at a current cost of $1.80 per envelope based on the current size and weight of the envelope and ballot; multiple-page ballots would increase these costs.

Ballot printing costs: Local Election Authorities bear the cost of printing ballots for each election – paying to print multiple page ballots would substantially increase printing costs.

Due to situational variables, it is not possible to determine a concrete amount of fiscal impact to this measure. However, the costs to the state and to local election authorities could be significant.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year (FY) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this initiative petition will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they do not see a fiscal impact of this petition specific to their school; however, it does look like it will cost the state as a whole some money, which has the potential to impact all state funded services.

Officials from **Metropolitan Community College** indicated no impact.

Officials from the **St. Louis County Board of Elections indicated** they estimate this petition to have a fiscal note of about $30,000. They would have to upgrade their election software to include a system for ranked-choice voting, and they predict this would cost the above amount.

Officials from **Platte County Board of Elections** indicated they expect no fiscal impact from the petition.

The State Auditor's office did not receive a response from the **Department of Higher Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State government legislative operating costs are estimated to decrease by approximately $250,000 annually. State and local governments could incur additional election-related costs that could be significant, including at least $30,000 in one-time costs and ongoing costs of an unknown amount.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

July 25, 2019

RECEIVED
JUL 25 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article VIII (2020-101)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on July 25, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
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11.					
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14					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20___

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article VIII, Section 24 of the Constitution is enacted to read as follows:

Article VIII, Section 24. In general elections for the offices of United States Senator, Governor, Lieutenant Governor, Secretary of State, Attorney General, State Treasurer, and State Auditor, voters will be given the opportunity to rank candidates in order of preference.

For offices elected by this method of ranked-choice voting, the ballot must be simple and easy to understand and allow a voter to rank up to five candidates for an office in order of preference. A voter may include no more than one write-in candidate among that voter's ranked choices for each office.

For all offices elected by ranked-choice voting, the Secretary of State shall tabulate the votes according to the following method: Tabulation proceeds in sequential rounds. In the first round, only first choice votes are tabulated. If a candidate receives a majority of the votes (fifty percent of the total votes cast, plus one vote) that candidate is elected. If no candidate receives a majority of the first-choice votes cast, the candidate with the lowest number of votes is eliminated and the candidates listed as the second choice on ballots cast for the candidate being eliminated are distributed among the remaining candidates. In subsequent rounds, a voter's third, fourth, or fifth choice may be utilized, in order, as needed. Ballots that do not rank any continuing candidate, that contain votes for more than one candidate at the same ranking, or in which a voter has left a ranking blank once that ranking would have been utilized, will be considered to be "exhausted ballots" and will not be counted in that round, or subsequent rounds. This process is repeated in as many rounds as needed until one candidate wins election by receiving at least fifty percent plus one of the total valid votes tabulated in that round.

Election officials shall determine a random selection algorithm, prior to tabulation, to resolve ties between candidates. If a tie occurs at any point in the tabulation procedure and tabulation cannot proceed until the tie is resolved, then the random selection algorithm shall resolve the tie.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-101)

Subject

Initiative petition from Winston Apple regarding a proposed constitutional amendment to Article VIII. (Received July 25, 2019)

Date

August 14, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Health and Senior Services** indicated this petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their agency.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition would have no anticipated impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration (OA)** indicated this proposal amends Article VIII of the Constitution of Missouri by creating a ranked-choice system for election of the offices of United States Senator, Governor, Lieutenant Governor, Secretary of State, Attorney General, State Treasurer, and State Auditor. Voters would be allowed to rank up to five candidates for an office in order of preference. The Secretary of State is responsible for tabulating the votes according to the specified method.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated petition 2020-101 would institute a policy of ranked-choice voting to elect United States Senators and all statewide officers. This would require all voting machines statewide to either be coded to accept ranked-choice voting (which may require reprogramming) or to be replaced with new machines which do allow ranked-choice voting.

As of the 2017 voting systems survey conducted by the Secretary of State's Office, local election authorities reported that they possessed 7,565 voting machines. The estimated cost for each new voting machine is $5,000. The total cost to the state will vary depending on the number of machines which are ready to accept ranked-choice votes or can be reprogrammed to do so. However, using total replacement of all machines as a maximum cost, ranked-choice voting may result in a total impact to general revenue ranging from $0 up to $37,825,000.

Although this is a proposed constitutional amendment, a conservative assumption includes the possibility that Article X, section 21 may apply, which would require the state to pay for new local activities mandated by the state.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2

RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year (FY) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this initiative petition will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they do not see a fiscal impact of this petition specific to their school, however it does look like it will cost the state as a whole some money, which has the potential to impact all state funded services.

Officials from **Metropolitan Community College** indicated no impact.

Officials from the **St. Louis County Board of Elections** indicated they predict this petition would have a fiscal note of about $30,000, with an additional $25,000 per statewide election. Adding a ranked-choice voting upgrade to their system would be an estimated $30,000. With the ranked-choice voting, there is a significant chance of there being a two-page ballot, which is estimated to cost $25,000 per election. Their office would like to note that there is no practical way for the Secretary of State's office to tabulate the rounds of ranked-choice voting, as every election authority has different election software.

Officials from the **Platte County Election Board** indicated this petition would have no fiscal impact on their Board of Elections.

The State Auditor's office did not receive a response from the **Department of Higher Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

Local governmental entities are estimated to have total one-time costs to upgrade or replace voting machines ranging from $0 to $37.8 million, and costs per election of an unknown amount totaling at least $25,000. State governmental entities estimate no savings and possible costs of an unknown amount.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

July 18, 2019

RECEIVED
JUL 18 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Charles Hurth regarding a proposed constitutional amendment to Article VIII (2020-100)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Charles Hurth on July 18, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A Misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign anyone to sign any referendum petition with any name other than his or her own, or knowingly to sign his or her name other than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

RECEIVED
2019 JUL 18 AM 8:54

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____County (or City of St. Louis), respectfully order that the following proposed amendment to the Constitution shall be submitted to the voters of the State of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November 2020 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____County (or City of St. Louis); my registered voting address and the name of the city, town or village which I live are correctly written after my name.

(Official Ballot title)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF_____

I, _____ Being first duly sworn, say (print or type names of signers)

NAME	DATE SIGNED	REGISTERED VOTING ADDRESS (street) (City, Town or village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
1.	/ /				
2.	/ /				
3.	/ /				
4.	/ /				
5.	/ /				
6.	/ /				
7.	/ /				
8.	/ /				
9.	/ /				
10.	/ /				
11.	/ /				
12.	/ /				
13.	/ /				
14.	/ /				

Signed this page of the foregoing petition and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and City, town or village correctly, and that each signer is a registered voter of the State of Missouri and _____County.

FUTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ☐ do not ☐ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____

_____
Signature of Affiant (Person obtaining signatures)

_____
Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me _____day of _____A.D. 20___.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires_____

ARTICLE VIII

Section 2. Qualifications of voters – disqualifications. – [All citizens] Only a citizen of the United States, including occupants of soldiers' and sailors' homes, over the age of eighteen who are residents of this state and of the political subdivision in which they offer to vote are entitled to vote at all elections by the people, if the election is one for which registration is required if they are registered within the time prescribed by law, or if the election is one for which registration is not required, if they have been residents of the political subdivision in which they offer to vote for thirty days next preceding the election for which they offer to vote: Provided however, no person who has a guardian of his or her estate or person by reason of mental incapacity, appointed by a court of competent jurisdiction and no person who is involuntarily confined in a mental institution pursuant to an adjudication of a court of competent jurisdiction shall be entitled to vote, and persons convicted of felony, or crime connected with the exercise of the right of suffrage may be excluded by law from voting.

Be it resolved by the People of the State of Missouri that the Constitution be amended:

Article VIII Section 2. <u>Qualifications of voters- Disqualification</u> is revised by deleting the single word " All" and replacing said word with "Only A" such that the first sentence of said section shall read:

[All Citizens] <u>Only A citizen</u> of the United States, including occupants of soldiers' and sailors' homes over the age of eighteen who are residents of this state and of the political subdivision in which they offer to vote are entitled to vote at all elections by the people, if the election is one for which registration is required if they are registered within the time prescribed by law, or if the election is one for which registration is not required, if they have been residents of the political subdivision in which they offer to vote for thirty days next preceding the election for which they offer to vote: Provided however, no person who has guardian of his or her estate or person by reason of mental incapacity, appointed by a Court of competent jurisdiction and no person who is involuntarily confined in a mental institution pursuant to an adjudication of a Court of competent jurisdiction shall be entitled to vote, and persons convicted of felony, or crime connected who the exercise of the right of suffrage may be excluded by law from voting.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

July 1, 2019

RECEIVED
JUL 01 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed statutory amendment to Chapters 130 and 143 (2020-099)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Winston Apple on July 1, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

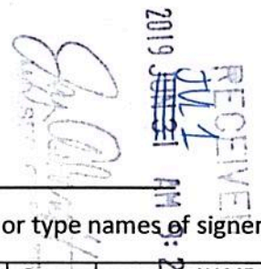
It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]



CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
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15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20___

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it enacted by the people of the state of Missouri:

Two new sections of the Missouri Revised Statutes, to be known as sections 130.230 and 143.990, are enacted to read as follows:

130.230. 1. "The Missouri Elections Trust Fund" is hereby created, as a dedicated fund within the Missouri Department of Revenue, to provide public financing in the form of matching funds for candidates for office in Missouri who agree to, accept, and subsequently meet, the following conditions:
(1) Not to accept contributions from corporations or political action committees that accept corporate contributions; and
(2) That at least one-half of the total money raised, including in-kind contributions, by the candidate will come from individual contributors who contribute a total of $200.00 or less to the candidate during an election cycle. Primary elections and general elections constitute separate election cycles.
2. Candidates must indicate at time of filing to run for office that they intend to meet and comply with the conditions for receiving matching funds. A candidate electing to receive matching funds for the primary election cycle must also agree to comply with the conditions for receiving matching funds during the general election.
3. If it is determined at any time that a candidate who received matching funds was not in compliance with the conditions required for receiving matching funds or fell out of compliance at a later date, said candidate must return any matching funds received within 45 days of the date that it was determined that she or he failed to comply with the conditions for receiving matching funds.
4. A candidate failing to meet the conditions for the primary election cycle, may not receive matching funds as part of the general election cycle.
5. The ratio of the match relative to the amount of money raised by candidates will be determined by the Department of Revenue based on the total amount of money raised during the designated periods by all candidates who have elected to accept matching funds and the designated amount of money available from the fund during each election cycle.
6. Only contributions made during the designated periods by individual contributors, totaling $200 or less per contributor per election cycle, will be eligible for matching funds. Contributions from businesses other than sole proprietorships, political action committees and other organizations, including other campaign committees, are not eligible for matching funds. Anonymous contributions are not eligible for matching funds. In-kind contributions are not eligible for matching funds.
7. For purposes of qualifying for matching funds and determining the amount of matching funds to be distributed to each candidate the primary election cycle will begin with the date each non-incumbent candidate officially formed a campaign finance committee through the Missouri Ethics Commission; an incumbent candidate with an ongoing campaign finance committee filed for re-election with the Missouri Secretary of State; or an incumbent candidate amended her or his campaign committee by notifying the Missouri Ethics Commission of her or his intention to seek an office other than the office currently held by that candidate. The primary election cycle for purposes of distributing matching funds will end on June 30 of each election year.
8. One-third of the balance of funds in the Missouri Elections Trust Fund will be distributed as expeditiously as possible after each candidate files the required campaign finance report with the Missouri Ethics Commission for the period ending on June 30 of each election year, but no later than seven business days after the date each candidate's report was filed with the Missouri Ethics Commission.
9. Candidates losing a primary election will not receive matching funds for otherwise qualified contributions made between July 1 and the date of the primary election and must return any unused matching funds no later than 45 days after the date of the primary election.
10. For purposes of qualifying for matching funds and determining the amount of matching funds to be distributed to each candidate, the general election cycle will begin on July 1 of each election year and end on September 30 of each election year. Contributions made after September 30 of each election year will not be eligible for matching funds.
11. The full remaining balance of funds in the Missouri Elections Trust Fund will be distributed during the general election cycle to qualified candidates. This distribution of matching funds will be made as expeditiously as possible after a candidate files a campaign finance report with the Missouri Ethics Commission for the period ending on September 30 of each election year, but no later than seven business days after the date each report was filed with the Missouri Ethics Commission.
12. Candidates will not receive matching funds for otherwise qualified contributions made between October 1 and the date of the general election.
13. When a candidate losing a general election files a termination statement and disclosure report with the Missouri Ethics Commission, any and all funds remaining after repaying any debts owed by the campaign committee are to be paid over to the Missouri Elections Trust Fund, up to and including an amount equal to the full amounts of matching funds received by said candidate.
14. The Missouri Elections Trust Fund will be administered by the Missouri Department of Revenue based on reports filed with the Missouri Ethics Commission.
15. All subsections and all clauses of this Section, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

143.990. 1. In each taxable year beginning on or after January 1, 2021, each individual or corporation having paid state income taxes in the amount of twenty-five dollars or more may designate that five dollars of the tax paid shall be paid over to the Missouri elections trust fund as provided in section 130.230. In the case of a husband and wife with a filing status of married filing combined having paid state income tax in the amount of fifty dollars or more, each spouse may separately designate that five dollars shall be paid to the fund.
2. The option to contribute to this fund, as authorized by this section, shall be clearly and unambiguously printed on the same page of each income tax return form provided by the state upon which the amount of the amount of tax owed is indicated, and shall include the following statement: "Contributing to the Missouri Elections Trust Fund will not increase the amount of tax owed or reduce the amount of overpayment to be refunded."
3. The department of revenue shall deposit the contributions made pursuant to this statute into the Missouri Election Trust Fund as created in section 130.230.
4. All subsections and all clauses of this Section, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-099)

Subject

Initiative petition from Winston Apple regarding a proposed amendment to Chapters 130 and 143 of the Revised Statutes of Missouri. (Received July 1, 2019)

Date

July 22, 2019

Description

This proposal would amend Chapters 130 and 143 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and the **Missouri Ethics Commission.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated they report no cost for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated they see this initiative petition as having a positive impact to the Missouri Elections Trust Fund of $0 - $15.1 million. This in turn would reduce General Revenue by $0 - $15.1 million.

Officials from the **Department of Public Safety-Director's Office** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this petition; however, general revenue could be impacted.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition is not expected to have a fiscal impact on their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal creates the Missouri Elections Trust Fund to provide public financing in the form of matching funds for candidates for office in Missouri who agree to, accept, and meet specified conditions. The Missouri Elections Trust Fund is to be administered by Department of Revenue.

This proposal would allow individuals and corporations to donate $5 of their tax liability to the Missouri Elections Trust Fund beginning with tax year 2021. Individuals with a filing status of single or head-of-household must have paid $25 in state income tax in order to donate. Individuals with a filing status of married filing joint must have paid $50 in state income tax and each spouse may contribute $5. Corporations that have paid $25 in state income tax may also contribute $5 to the fund.

OA Budget and Planning (B&P) notes that both individual and corporate income tax collections are deposited into the state General Revenue fund. B&P further notes that the proposal would direct $5 or $10 per donor to the newly created Missouri Elections Trust Fund. Therefore, for every $5 or $10 donation into the new fund, General Revenue will be reduced by $5 or $10.

B&P does not have the ability to determine the exact number of individuals and corporations that would choose to donate to the Missouri Elections Trust Fund. However, B&P can estimate the maximum potential impact. B&P further notes that while donations could begin for tax year 2021 income tax liabilities, such liabilities are not calculated until April of 2022. Therefore, donations to the new fund would not begin until FY 2022.

B&P estimates that up to 1,160,981 individuals with a filing status of single or head-of-household could choose to donate $5 of their income tax liability to the new fund for a maximum total donation to the fund of $5,804,905. In addition, up to 1,028,637 individuals with a filing status of married filing joint could choose to donate up to $10 of their income tax liability for a maximum total donation to the fund of $10,286,370. In addition, up to 118,129 corporations could choose to donate $5 to the new fund for a maximum total

donation of $90,643. Therefore, B&P estimates that this proposal could generate donations of $0 to $16,181,918 to the Missouri Elections Trust Fund, beginning with FY 2022. This proposal could also reduce General Revenue by $0 to $16,181,918, beginning with FY 2022.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In (fiscal year) FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office, but it could have a significant fiscal impact to the state General Revenue Fund.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this initiative petition has no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated if limited to a maximum of $5.00 per tax payer (who owes income tax to the state) they believe this will have a very small negative impact on all state funded operations, including their school.

Officials from the **Missouri Ethics Commission** indicated the proposed petition does not have fiscal impact on their office.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities anticipate decreased revenues in the General Revenue Fund of up to $16.1 million annually by 2022 and anticipate corresponding increased annual revenues in the Missouri Elections Trust Fund. Local governmental entities expect no costs or savings from this proposal.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 27, 2019

RECEIVED
JUN 27 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, Version 2 (2020-098)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on June 27, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

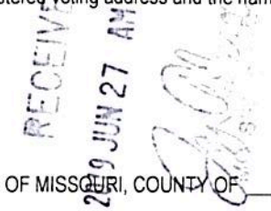
County: _____

20-098

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.



[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer:_____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Affiant (Person obtaining signatures)

Printed Name of Affiant

Street Address of Affiant

City, State and Zip Code of Affiant

Signature of Notary

Address of Notary

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services and the department of conservation to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive a mail-in absentee ballot.

(6) Mail-in absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7) Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Notwithstanding any other provision of law to the contrary, the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. Provisional ballots, regardless of type, shall be counted as provided herein.

(1) If the provisional ballot cast by the voter contains the same candidates and measures on which the voter would have been entitled to vote in his or her assigned precinct, the ballot shall be counted.

(2) If the provisional ballot cast by the voter contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

Section 27. An individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote as provided herein.

(1) Such individuals shall be pre-registered pursuant to the registration process in Section 5 of this Article; or

(2) Such individuals may choose to register pursuant to any other registration procedure available under general election law.

2. Such individuals are prohibited from casting a ballot until they meet all voter eligibility requirements.

Section 28. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-098)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received June 27, 2019)

Date

July 17, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition has no impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $34,072 for fiscal year (FY) 2021 for salary costs and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, and other state agencies as described in Section 5 (4) are also affected by this proposal.

OA-ITSD cost estimate equals 298.08 hours x $75 = $22,356

Fiscal Note	IP 20-098		ITSD - DOR		
Bill Number	IP 20-098				
Will a new system be required?			Yes	X	No
Indicate fiscal year when fully implemented			FY	2021	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2020**	**FY 2021**	**FY 2022**
General Revenue				22,356	-
Other			-	-	-
Federal Funds			-	-	-
Total				22,356	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	5.2				
			FY 2020	FY 2021	FY 2022
DMVC/MyDMV	Rate	Hours	$	$	$
IT Consultants	75	298.08		22,356	-
Section Total Expenditures:				22,356	-
Section Funding:	General Revenue			22,356	-
	Federal		-	-	-
	Other		-	-	-
	Total			22,356	-

Section 5 (2)

The proposed constitutional amendment petition language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States

citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.
- MEDL changes to the signature collection and certification processes for all transactions to include updates related to automatic voter registration.
- Possible modifications to license verification statement or generated money receipt or temporary driving privilege document to include additional information related to automatic voter registration.

Section 27

An individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote as provided herein.

(1) Such individuals shall be pre-registered pursuant to the registration process in Section 5 of this Article.

The Department would be required to:

- Develop file generation edits to ensure driver license, nondriver license, and permit applicants age 16 and over are included in the new weekly file sent to the Secretary of State.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021

Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021

Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager –	40 hrs. x $20.59 per hr. =	$ 824.00
		Total = $11,517.60

OA-ITSD Impact

ITSD - DOR						
Bill Number	IP 20-098	FN #	IP 20-098			
Bill Section(s)						
Application Name:	DMVC/MyDMV			**FY 2020**	**FY 2021**	**FY 2022**
IT Consultants	**On-going Yes/No**	**Rate *1**	**Hours**	**$**	**$**	**$**
Requirements Gathering		75	17		1,275	-
Analysis		75	17		1,275	-
Design		75	17		1,275	-
Development		75	168		12,600	-
Test		75	50		3,750	-
Implementation		75	7		525	-
Project Management *2		75	22.08		1,656	-
On-going support		75			-	-
Section Total IT Consultants:		75	298.08		22,356	-
Section Total Expenditures:					22,356	-
General Revenue					22,356	
Federal						
Other						
Section Funding: *3					22,356	
2. Does this proposal duplicate any other program?						
No						
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)						
This bill impacts the Online Address Change website to collect change of addresses by citizens.						
8b. Explanation of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.						
Language in the IP is already being implemented in a rewrite of the online address change website process.						

The department also provided the following comments:

Section 5 (2)
For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, or nondriver license. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

For purpose of this fiscal note, the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a new, renewal, or duplicate instruction permit, or commercial learners permit. If it is not the sponsor's intent to include instruction permit or commercial learners permit transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Section 27
The Department assumes this minimum age applies to the file transfer to Secretary of State and will not change current voter registration application provisions which limit completion of an application to persons age 17 ½ years of age or older with a certification that they will be 18 years of age on or before election date.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they assume no fiscal impact as a result of this petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact, as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting five new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day. The Secretary of State and all local election authorities shall make available a list of all voters who cast absentee ballots.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal provides that the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast

a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. If the provisional ballot contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

The proposal provides that an individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote. Such individuals are prohibited from casting a ballot until they meet all voter eligibility requirements.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated:

The following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **18.7%** of the population is under **16** years old, which accounts for **54,515** residents. They have on average **190,000** registered voters, of which about **30,000 (16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
PTH = Part-time Hire
AP = Annual Pay

291,923 R's – 50,415 R's under **16 yrs = 241,508 R's 16 yrs** or older

241,508 R's 16 yrs or older – **190,000 RV's = 51,508 PV's**

51,508 PV's x .50 MC = $20,000 + fees **= $25,754**

51,508 PV x 1.06 CPC2P = $54,598.48

If they have approximately **51,508 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$25,754 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$54,598.48** to the cost when it is multiplied by the estimated **51,508** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** and **1 PTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost per **FTH** will be **$24,689.60** per hire for their annual pay and **$12,026.90** annual pay for the **PTH**. The total annual cost for two fulltime hires will be **$49,379.20**.

51,508 PV's x .50 MC	**= $25,754**
51,508 PV x 1.06 CPC2	**= $54,598.48**
2 FTH x $24,689.60 AP	**= $49,379.20**
1 PTH x $12,026.90 AP	**= $12,026.90**
Total:	**= $141,758.58**

The total estimated initial cost for Greene County for **IP 20-098** proposing to amend Article VIII, version 1, will cost Greene County **$141,758.58** with a minimum ongoing cost of **$61,406.10** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from the **City of Kansas City** indicated this initiative petition would have a small negative fiscal impact on their city because some of the costs of opening up locations for early voting would be passed from the election authority to their city.

Officials from **Wellsville-Middletown R-1 School District** indicated the fiscal impact of this petition will be dependent on the cost to the state to implement the provisions contained in the petition and where the state finds the money. Any dilution of general revenue funds is likely to negatively impact all public schools to some extent.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $37,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend, and at a rate of $5,000 per every 8 hours, this would cost $7,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is

important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Platte County Election Board** indicated the additional times for absentee voting would increase the cost per election by $1,500.

Officials from the **State Auditor's office** indicated this proposal should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

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[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $756,000 in one-time costs, $61,000 in annual costs, and $82,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 27, 2019

RECEIVED
JUN 27 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, Version 1 (2020-097)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on June 27, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

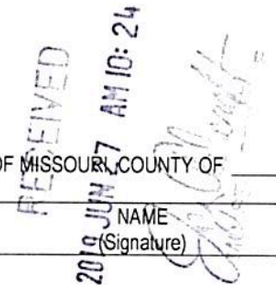
County: _____

20-097

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.



[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer:_____

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary _____

Address of Notary _____

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services and the department of conservation to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive a mail-in absentee ballot.

(6) Mail-in absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7) Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Notwithstanding any other provision of law to the contrary, the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. Provisional ballots, regardless of type, shall be counted as provided herein.

(1) If the provisional ballot cast by the voter contains the same candidates and measures on which the voter would have been entitled to vote in his or her assigned precinct, the ballot shall be counted.

(2) If the provisional ballot cast by the voter contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

Section 27. An individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote as provided herein.

(1) Such individuals shall be pre-registered pursuant to the registration process in Section 5 of this Article; or

(2) Such individuals may choose to register pursuant to any other registration procedure available under general election law.

2. Such individuals are prohibited from casting a ballot until they meet all voter eligibility requirements.

Section 28. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-097)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received June 27, 2019)

Date

July 17, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition has no impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $34,072 for fiscal year (FY) 2021 for salary costs and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, and other state agencies as described in Section 5 (4) are also affected by this proposal.

OA-ITSD cost estimate equals 298.08 hours x $75 = $22,356

Fiscal Note	IP 20-097		ITSD - DOR		
Bill Number	IP 20-097				
Will a new system be required?			Yes	X	No
Indicate fiscal year when fully implemented			FY	2021	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2020**	**FY 2021**	**FY 2022**
General Revenue				22,356	-
Other			-	-	-
Federal Funds			-	-	-
Total				22,356	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	5.2				
			FY 2020	FY 2021	FY 2022
DMVC/MyDMV	Rate	Hours	$	$	$
IT Consultants	75	298.08		22,356	-
Section Total Expenditures:				22,356	-
Section Funding:	General Revenue			22,356	-
	Federal		-	-	-
	Other		-	-	-
	Total			22,356	-

Section 5 (2)

The proposed constitutional amendment petition language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States

citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.
- MEDL changes to the signature collection and certification processes for all transactions to include updates related to automatic voter registration.
- Possible modifications to license verification statement or generated money receipt or temporary driving privilege document to include additional information related to automatic voter registration.

Section 27

An individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote as provided herein.

(1) Such individuals shall be pre-registered pursuant to the registration process in Section 5 of this Article.

The Department would be required to:

- Develop file generation edits to ensure driver license, nondriver license, and permit applicants age 16 and over are included in the new weekly file sent to the Secretary of State.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021

Update Webpage - Administrative Analyst III	10 hrs. x $19.80 =	$198.00

Driver License Bureau FY 2021

Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager –	40 hrs. x $20.59 per hr. =	$ 824.00
		Total = $11,517.60

OA-ITSD Impact

ITSD - DOR						
Bill Number	IP 20-097	FN #	IP 20-097			
Bill Section(s)						
Application Name:	DMVC/MyDMV			**FY 2020**	**FY 2021**	**FY 2022**
IT Consultants	**On-going Yes/No**	**Rate *1**	**Hours**	**$**	**$**	**$**
Requirements Gathering		75	17		1,275	-
Analysis		75	17		1,275	-
Design		75	17		1,275	-
Development		75	168		12,600	-
Test		75	50		3,750	-
Implementation		75	7		525	-
Project Management *2		75	22.08		1,656	-
On-going support		75			-	-
Section Total IT Consultants:		75	298.08		22,356	-
Section Total Expenditures:					22,356	-
General Revenue					22,356	
Federal						
Other						
Section Funding: *3					22,356	
2. Does this proposal duplicate any other program?						
No						
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)						
This bill impacts the Online Address Change website to collect change of addresses by citizens.						
8b. Explanation of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.						
Language in the IP is already being implemented in a rewrite of the online address change website process.						

The department also provided the following comments:

Section 5 (2)
For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, or nondriver license. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

For purpose of this fiscal note, the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a new, renewal, or duplicate instruction permit, or commercial learners permit. If it is not the sponsor's intent to include instruction permit or commercial learners permit transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Section 27
The Department assumes this minimum age applies to the file transfer to Secretary of State and will not change current voter registration application provisions which limit completion of an application to persons age 17 ½ years of age or older with a certification that they will be 18 years of age on or before election date.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they assume no fiscal impact as a result of this petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact, as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting five new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day. The Secretary of State and all local election authorities shall make available a list of all voters who cast absentee ballots.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal provides that the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast

a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. If the provisional ballot contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

The proposal provides that an individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote. Such individuals are prohibited from casting a ballot until they meet all voter eligibility requirements.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated:

The following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **18.7%** of the population is under **16** years old, which accounts for **54,515** residents. They have on average **190,000** registered voters, of which about **30,000 (16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
PTH = Part-time Hire
AP = Annual Pay

291,923 R's – 50,415 R's under **16 yrs = 241,508 R's 16 yrs** or older

241,508 R's 16 yrs or older – **190,000 RV's = 51,508 PV's**

51,508 PV's x .50 MC = $20,000 + fees **= $25,754**

51,508 PV x 1.06 CPC2P = $54,598.48

If they have approximately **51,508 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$25,754 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$54,598.48** to the cost when it is multiplied by the estimated **51,508** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** and **1 PTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost per **FTH** will be **$24,689.60** per hire for their annual pay and **$12,026.90** annual pay for the **PTH**. The total annual cost for two fulltime hires will be **$49,379.20**.

51,508 PV's x .50 MC	**= $25,754**
51,508 PV x 1.06 CPC2	**= $54,598.48**
2 FTH x $24,689.60 AP	**= $49,379.20**
1 PTH x $12,026.90 AP	**= $12,026.90**
Total:	**= $141,758.58**

The total estimated initial cost for Greene County for **IP 20-097** proposing to amend Article VIII, version 1, will cost Greene County **$141,758.58** with a minimum ongoing cost of **$61,406.10** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from the **City of Kansas City** indicated this initiative petition would have a small negative fiscal impact on their city because some of the costs of opening up locations for early voting would be passed from the election authority to their city.

Officials from **Wellsville-Middletown R-1 School District** indicated the fiscal impact of this petition will be dependent on the cost to the state to implement the provisions contained in the petition and where the state finds the money. Any dilution of general revenue funds is likely to negatively impact all public schools to some extent.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $37,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend, and at a rate of $5,000 per every 8 hours, this would cost $7,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is

important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Platte County Election Board** indicated the additional times for absentee voting would increase the cost per election by $1,500.

Officials from the **State Auditor's office** indicated this proposal should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

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[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $756,000 in one-time costs, $61,000 in annual costs, and $82,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 27, 2019

RECEIVED
JUN 27 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed statutory amendment to Chapter 192 (2020-096)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Winston Apple on June 27, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

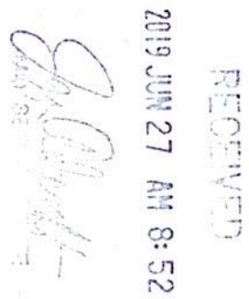
It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]



CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20___

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it enacted by the people of the state of Missouri:

One new section of the Revised Missouri Statutes is enacted, to be known as section 192.008, to read as follows:

192.008. 1. "The Missouri Health Insurance Cooperative" (hereinafter referred to as "MHIC") is hereby created, within the department of health and senior services, to provide health insurance for citizens of Missouri who wish to become members of the cooperative.

2. The MHIC shall be administered by the director of the department of health and senior services. The department of health and senior services shall, within one (1) calendar year of the effective date of this section, promulgate rules necessary for the administration of this section.

3. The state of Missouri is authorized to issue bonds to cover the start-up costs for the MHIC, as well as any shortages of funds needed to pay authorized benefits until the funds received from membership dues are sufficient to cover those expenses. Membership dues and out-of-pocket maximums for members are to be set and then adjusted as soon as practicable to fully cover administrative expenses and benefits paid with money collected from premiums paid by members.

4. Memberships in the MHIC shall be available beginning no later than January 1, 2022.

5. Enrollment in the MHIC shall be voluntary and limited to citizens of the state of Missouri.

6. The MHIC shall be revenue-neutral. The percentages of income established for membership dues and out-of-pocket maximums shall be adjusted annually and set at levels that will insure that revenues are sufficient to cover all costs, including amounts paid out to members for health care expenses in excess of their out-of-pocket maximum and all administrative expenses; as well as the funds necessary to pay principal and interest on bonds issued to fund start-up costs for MHIC.

7. Membership dues for coverage through MHIC, as well as the annual out-of-pocket maximum for members will be based on percentages of each member's gross annual income, as determined by the board. Membership dues are to be set as low as possible and out-of-pocket maximums set no higher than necessary to maintain the revenue neutral status of the MHIC, while making membership as affordable as possible.

8. Only treatments and procedures deemed medically necessary, as determined by the department of health and senior services shall be covered through the MHIC.

9. The amount of payments made to health care providers for procedures and services will be determined by the department of health and senior services, shall not be excessive. The amounts paid to health care providers by Medicare and Medicaid shall serve as a general guide for pricing procedures and services.

10. Members of the MHIC and health care providers in the state of Missouri, are responsible for keeping records and receipts for covered health care, to be furnished to the MHIC if expenses for needed health care exceed the out-of-pocket maximum for a given calendar year and reimbursement is thereby requested. Receipts must be provided to the MHIC upon request.

11. All subsections and all clauses of this statute, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-096)

Subject

Initiative petition from Winston Apple regarding a proposed amendment to Chapter 192 of the Revised Statutes of Missouri. (Received June 27, 2019)

Date

July 17, 2019

Description

This proposal would amend Chapter 192 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition has no impact on their department.

Officials from the **Department of Health and Senior Services** (DHSS) indicated expenses of $0.

An unknown number of staff to oversee the Missouri Health Insurance Cooperative program would require rental space, located in Jefferson City.

Unknown Information Technology costs or savings related to this proposal.

Section 192.008:

This initiative petition creates a new health insurance program, The Missouri Health Insurance Cooperative (MHIC), with oversight by the Department of Health and Senior Services (DHSS). MHIC is to be available no later than January 1, 2022 which is six months of fiscal year 2022.

The program is to be self-supporting by annually adjusting premiums and out-of-pocket maximums to ensure that revenues support all program and administrative costs, as well as principal and interest on bonds issued to fund start-up costs for the MHIC.

They are unable to determine the number of individuals who would participate in MHIC. In addition, the premium rates charged by MHIC could be affected by such items as: (1) costs for covered services, (2) the scope of benefits that are included, (3) the plan's cost-sharing requirements, and (4) the health status of the plan's enrollees. Also, the MHIC's oversight responsibilities and costs would be directly impacted by the size of the program (i.e., number of participants, list of covered services, etc.) The Office of Administration could issue bonds for startup costs and cover initial shortages. They are not able to determine the amount of startup cost, premium rate, etc. They do not administer a similar

program of any kind, so significant unknown staffing or contractual costs would be necessary. Due to the numerous unknown factors, they are submitting an Unknown Expense equal to an Unknown Revenue (Revenue Neutral – zero impact) fiscal note.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition seeks to establish a public health insurance option in the state of Missouri. Though many of this plan's specifics are unclear at this time, they believe that at least some of their medical plan's current subscribers would switch to the public option. This would result in a savings to their department, since they pay a large portion of each employee's healthcare premiums. The fewer employees subscribed to the medical plan, the less their department will have to pay in premiums.

Considering simply the short term impact, enacting the public option laid out in this initiative petition would result in an unknown positive fiscal impact to their department. The actual savings would be contingent upon consumer behavior.

Officials from the **Office of Administration** indicated this proposal creates the Missouri Health Insurance Cooperative (MHIC), housed in and administered by the Department of Health and Senior Services, to provide health insurance for Missouri citizens who wish to become members of the cooperative. Membership in the MHIC is to be available beginning no later than January 1, 2022 and enrollment is to be voluntary. The MHIC is to be revenue neutral, with dues and out-of-pocket maximums adjusted annually to ensure that revenues are sufficient to cover all costs. The State of Missouri is authorized to issue bonds to cover the start-up costs for the MHIC, as well as any shortages of funds needed to pay authorized benefits until the funds received from membership dues are sufficient to cover those expenses.

It should be noted that it is unclear if the State of Missouri would have the authority to issue bonds for a health insurance cooperative. Their office defers to the Department of Health and Senior Services on the fiscal impact of this initiative petition.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year (FY) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. Their office estimates $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated this appears to have no fiscal impact to their office, but it is unclear. There is no discussion of the fund that will manage the costs of the MHIC, how it will operate and if the fund will be held in the treasury. There is a provision for bonds to be issued to cover start-up costs. There is no maximum authorized amount, nor any requirements noted or funding for repayment of principal and interest. There is the potential that the Treasurer would have to sign any bond documents.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition will have a positive fiscal impact on their city because it will increase the pool of insured citizens in the city. Large portions of Kansas City's Health Levy and other city dollars are spent on providing services to the underinsured and uninsured, either through direct services or through contracts with safety net providers.

Officials from **Wellsville-Middletown R-1 School District** indicated depending on how this petition would be implemented (rules and regs) this has the potential to have a substantial fiscal impact on their school in that the cost of health insurance for their employees is a large chunk of their annual budget and is ever-increasing, much faster than their increase in funding from all sources. If the cost of this insurance would be less than what their district currently pays and a process for public schools to access this program on behalf of their employees is implemented, than there could be a positive fiscal impact for their school. Right now their insurance package for their staff runs a shade over $7,200.00 per year.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities expect no costs from this proposal and may have savings of an unknown amount if some state employees switch health care coverage to this new health insurance plan. Local governmental entities expect no costs from this proposal and expect savings of an unknown amount.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 27, 2019

RECEIVED
JUN 27 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed statutory amendment to Chapters 130 & 143 (2020-095)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Winston Apple on June 27, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 JUN 27 AM 8:52

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20___

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it enacted by the people of the state of Missouri:

Two new sections of the Missouri Revised Statutes, to be known as sections 130.230 and 143.990, are enacted to read as follows:

130.230. 1. "The Missouri Elections Trust Fund" is hereby created to provide public financing for candidates for office in Missouri who agree to, accept, and subsequently meet, the following conditions:
(1) Not to accept contributions from corporations or political action committees that accept corporate contributions; and
(2) That at least one-half of the money raised, or in-kind contributions received, by the candidate will come from individual contributors who contribute a total of $200.00 or less to the candidate during an election cycle.
2. The funding provided to eligible candidates will be in the form of matching funds, with the ratio of the match relative to the amount of money raised by candidates to be determined by the commission based on the total amount of money raised by all candidates who have elected to accept public funds and the total amount of money available from the fund during each election year.
(1) Thirty-five percent of the funds available shall be distributed on the first day of June of each general election year, based on total monetary contributions received during the election cycle up to the date of the quarterly report filed with the Missouri Ethics Commission for the quarter ending on the thirty-first day of March. (In-kind contributions are not eligible for matching funds.)
(2) The balance of available funds shall be distributed on the third Monday in September of each general election year to eligible candidates in the general election, based on total monetary contributions received and reported through the thirtieth day of August.
3. When a candidate or committee files a termination statement and disclosure report with the Missouri Ethics Commission, any and all funds remaining after repaying any debts owed by the campaign committee are to be paid over to the Missouri Elections Trust Fund, up to and including an amount equal to the full amounts of matching funds received by said candidate.
4. The Missouri Elections Trust Fund will be administered by a board, to be known as the "Missouri Elections Trust Fund Commission" consisting of seven members, to be nominated by the governor and approved by the senate. The Missouri Electors Trust Fund Commission shall, within one (1) calendar year of the effective date of this section, promulgate rules necessary for the administration of this section, including a method for the expenditure of the funds collected.
(1) No individual may be appointed to the Missouri Elections Trust Fund Commission who is:
(a) a government employee;
(b) a registered lobbyist, or who has been a registered lobbyist at any time during the 5-year period preceding their appointment to the commission;
(c) an officer or employee of a political party or political campaign;
(d) an elected official, senator, or representative.
(2) Members of the Missouri Elections Trust Fund Commission shall be appointed for a term of five years; except the second and third classes of the first seven members to be appointed, who shall be divided into three classes, as follows;
(a) The first three initial members to be confirmed shall serve a full five-year term;
(b) The fourth and fifth initial members to be confirmed shall serve a three-year term;
(c) The sixth and seventh initial members to be confirmed shall serve a one-year term.
(3) Members of the commission may be removed from office if convicted of fraud or mismanagement of funds administered by the commission, or conviction of a felony.
5. Members of the commission will be reimbursed for travel and other expenses at the prevailing rate for other employees and officers of the state of Missouri.
6. All subsections and all clauses of this Section, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

143.990. 1. In each taxable year beginning on or after January 1, 2021, each individual or corporation having paid state income taxes in the amount of twenty-five dollars or more may designate that five dollars of the tax paid shall be paid over to the Missouri elections trust fund as provided in section 130.230. In the case of a husband and wife with a filing status of married filing combined having paid state income tax in the amount of fifty dollars or more, each spouse may separately designate that five dollars shall be paid to the fund.
2. The option to contribute to this fund, as authorized by this section, shall be clearly and unambiguously printed on the same page of each income tax return form provided by the state upon which the amount of the amount of tax owed is indicated, and shall include the following statement: "Contributing to the Missouri Elections Trust Fund will not increase the amount of tax owed or reduce the amount of overpayment to be refunded."
3. The department of revenue shall deposit the contributions made pursuant to this statute into the Missouri Election Trust Fund as created in section 130.230.
4. All subsections and all clauses of this Section, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 27, 2019

RECEIVED
JUN 27 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article III, Section 52 (2020-094)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on June 27, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20___

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article III of the Constitution is revised by amending Section 52(b) to read as follows:

Section 52(b). The veto power of the governor shall not extend to measures referred to the people. All elections on measures referred to the people shall be had at the general state elections, except when the general assembly shall order a special election. Any measure referred to the people shall take effect when approved by a majority of the votes cast thereon, and not otherwise. This section shall not be construed to deprive any member of the general assembly of the right to introduce any measure, except that any measure introduced by a member of the general assembly and passed by the general assembly that alters, amends, or repeals a statute proposed through the initiative and subsequently approved by the people shall not take effect unless and until it is also approved by the people.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 27, 2019

RECEIVED
JUN 27 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article III, Section 39 (2020-093)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on June 27, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 JUN 27 AM 8:51

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20___

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article III of the Constitution is revised by amending Section 39 to read as follows:

Section 39. The general assembly shall not have power:
(1) To give or lend or to authorize the giving or lending of the credit of the state in aid or to any person, association, municipal or other corporation;
(2) To pledge the credit of the state for the payment of the liabilities, present or prospective, of any individual, association, municipal or other corporation;
(3) To grant or to authorize any county or municipal authority to grant any extra compensation, fee or allowance to a public officer, agent, servant or contractor after service has been rendered or a contract has been entered into and performed in whole or in part;
(4) To pay or to authorize the payment of any claim against the state or any county or municipal corporation of the state under any agreement or contract made without express authority of law;
(5) To release or extinguish or to authorize the releasing or extinguishing, in whole or in part, without consideration, the indebtedness, liability or obligation of any corporation or individual due this state or any county or municipal corporation;
(6) To make any appropriation of money for the payment, or on account of or in recognition of any claims audited or that may hereafter be audited by virtue of an act entitled "An Act to Audit and Adjust the War Debts of the State," approved March 19, 1874, or any act of a similar nature, until the claim so audited shall have been presented to and paid by the government of the United States to this state;
(7) To act, when convened in extra session by the governor, upon subjects other than those specially designated in the proclamation calling said session or recommended by special message to the general assembly after the convening of an extra session;
(8) To remove the seat of government from the City of Jefferson;
(9) Except as otherwise provided in section 39(b), section 39(c), section 39(e) or section 39(f) of this article, to authorize lotteries or gift enterprises for any purpose, and shall enact laws to prohibit the sale of lottery or gift enterprise tickets, or tickets in any scheme in the nature of a lottery; except that, nothing in this section shall be so construed as to prevent or prohibit citizens of this state from participating in games or contests of skill or chance where no consideration is required to be given for the privilege or opportunity of participating or for receiving the award or prize and the term "lottery or gift enterprise" shall mean only those games or contests whereby money or something of value is exchanged directly for the ticket or chance to participate in the game or contest. The general assembly may, by law, provide standards and conditions to regulate or guarantee the awarding of prizes provided for in such games or contests under the provision of this subdivision;
(10) To impose a use or sales tax upon the use, purchase or acquisition of property paid for out of the funds of any county or other political subdivision.
(11) To prohibit, restrict, limit, or impair, by existing or future law or ordinance of the state, the right of any county, city, town, or village, to establish, mandate or require an employer to provide to an employee a minimum wage rate or employment benefit that exceeds the requirements of federal or state laws, rules, or regulations.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-093)

Subject

Initiative petition from Winston Apple regarding a proposed constitutional amendment to Article III. (Received June 27, 2019)

Date

July 17, 2019

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition has no impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated there is no impact for their department regarding this initiative petition.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal amends Article III of the Constitution of Missouri by specifying that the General Assembly shall not have the power to prohibit, restrict, limit, or impair the right of any county, city, town, or village to establish, mandate or require an employer to provide an employee a minimum wage rate or employment benefit that exceeds the requirements of federal or state laws, rules, or regulations.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year (FY) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. Their office estimates $65,000 per page for the costs of

publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have an impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office, unless Jefferson City raises its minimum wage. Any such increase could have a potential fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated it is impossible to determine the fiscal impact of this proposed change since it is dependent on any bill/law/petition by the people that it is applied to. Though if a local community chooses to levy a local tax to support local services the state should have no power to interfere with it.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local governmental entities estimate no costs or savings from this proposal.

RECEIVED
JUN 20 2019
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 20, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Shetova Hayes regarding a proposed statutory amendment to Chapter 558 (2020-092)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Shetova Hayes on June 20, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3th day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(OFFICIAL BALLOT TITLE)

RECEIVED
2019 JUN 20 AM 8:53

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I _____, being first duly sworn, say

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
1.	/ /					
2.	/ /					
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9.	/ /					
10.	/ /					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant

_____
Printed Name of Affiant

_____
Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____
Signature of Notary

_____

_____
Address of Notary

Notary Public (Seal)
My commission expires:

PROPOSED MEASURE

Be it enacted by the *people of the state of Missouri:*

Section 558.019, RSMo, subsection 3 would be repealed. In lieu of it a new subsection relating to prison commitment terms for first-time dangerous felony offenders and offenders with multiple convictions of dangerous felonies. The current law reads as follows (with the matter to be deleted in [brackets], and the new matter shown underlined):

§ 558.019. 1. This section shall not be construed to affect the powers of the governor under article IV, section 7, of the Missouri Constitution. This statute shall not affect those provisions of section 565.020, section 566.125, or section 571.015, which set minimum terms of sentences, or the provisions of section 559.115, relating to probation.

2. The provisions of subsections 2 to 5 of this section shall be applicable to all classes of felonies except those set forth in chapter 579, or in chapter 195 prior to January 1, 2017, and those otherwise excluded in subsection 1 of this section. For the purposes of this section, "prison commitment" means and is the receipt by the department of corrections of an offender after sentencing. For purposes of this section, prior prison commitments to the department of corrections shall not include an offender's first incarceration prior to release on probation under sections 217.362 or 559.115. Other provisions of the law to the contrary notwithstanding, any offender who has been found guilty of a felony other than a dangerous felony as defined in section 556.061 and is committed to the department of corrections shall be required to serve the following minimum prison terms:

(1) If the offender has one previous prison commitment to the department of corrections for a felony offense, the minimum prison term which the offender must serve shall be forty percent of his or her sentence or until the offender attains seventy years of age, and has served at least thirty percent of the sentence imposed, whichever occurs first;

(2) If the offender has two previous prison commitments to the department of corrections for felonies unrelated to the present offense, the minimum prison term which the offender must serve shall be fifty percent of his or her sentence or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first;

(3) If the offender has three or more previous prison commitments to the department of corrections for felonies unrelated to the present offense, the minimum prison term which the offender must serve shall be eighty percent of his or her sentence or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first.

[3. Other provisions of the law to the contrary notwithstanding, any offender who has been found guilty of a dangerous felony as defined in section 556.061 and is committed to the department of corrections shall be required to serve a minimum prison term of eighty-five percent of the sentence imposed by the court or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first.]

3. Other provisions of the law to the contrary notwithstanding, any offender who has more than once been found guilty of a dangerous felony as defined in section 556.061 and is committed to the department of corrections shall be required to serve a minimum prison term of eighty-five percent of the sentence imposed by the court or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first.:

(1) If the offender has one previous prison commitment to the department of corrections for a dangerous felony offense, the minimum prison term which the offender must serve shall be fifty percent of their sentence or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first. If the offender has maintained the best possible institutional score for the year prior to their scheduled parole hearing date, then parole shall be granted. If parole is denied, a hearing shall be scheduled every two years until the offender is paroled. The first-time conviction exception of this subsection shall be applicable to all dangerous felonies, except for rape and child molestation, occurring on or after August 28, 1994.

4. For the purpose of determining the minimum prison term to be served, the following calculations shall apply:

(1) A sentence of life shall be calculated to be thirty years;

(2) Any sentence either alone or in the aggregate with other consecutive sentences for offenses committed at or near the same time which is over seventy-five years shall be calculated to be seventy-five years.

5. For purposes of this section, the term "minimum prison term" shall mean time required to be served by the offender before he or she is eligible for parole, conditional release or other early release by the department of corrections.

6. (1) A sentencing advisory commission is hereby created to consist of eleven members. One member shall be appointed by the speaker of the house. One member shall be appointed by the president pro tem of the senate. One member shall be the director of the department of corrections. Six members shall be appointed by and serve at the pleasure of the governor from among the following: the public defender commission; private citizens; a private member of *the* Missouri Bar; the board of probation and parole; and a prosecutor. Two members shall be appointed by the supreme court, one from a metropolitan area and one from a rural area. All members shall be appointed to a four-year term. All members of the sentencing commission appointed prior to August 28, 1994, shall continue to serve on the sentencing advisory commission at the pleasure of the governor.

(2) The commission shall study sentencing practices in the circuit courts throughout the state for the purpose of determining whether and to what extent disparities exist among the various circuit courts with respect to the length of sentences imposed and the use of probation for offenders convicted of the same or similar offenses and with similar criminal histories. The commission shall also study and examine whether and to what extent sentencing disparity among economic and social classes exists in relation to the sentence of death and if so, the reasons therefor, if sentences are comparable to other states, if the length of the sentence is appropriate, and the rate of rehabilitation based on sentence. It shall compile statistics, examine cases, draw conclusions, and perform other duties relevant to the research and investigation of disparities in death penalty sentencing among economic and social classes.

(3) The commission shall study alternative sentences, prison work programs, work release, home-based incarceration, probation and parole options, and any other programs and report the feasibility of these options in Missouri.

(4) The governor shall select a chairperson who shall call meetings of the commission as required or permitted pursuant to the purpose of the sentencing commission.

(5) The members of the commission shall not receive compensation for their duties on the commission, but shall be reimbursed for actual and necessary expenses incurred in the performance of these duties and for which they are not reimbursed by reason of their other paid positions.

(6) The circuit and associate circuit courts of this state, the office of the state courts administrator, the department of public safety, and the department of corrections shall cooperate with the commission by providing information or access to information needed by the commission. The office of the state court administrator will provide needed staffing resources.

7. Courts shall retain discretion to lower or exceed the sentence recommended by the commission as otherwise allowable by law, and to order restorative justice methods, when applicable.

8. If the imposition or execution of a sentence is suspended, the court may order any or all of the following restorative justice methods, or any other method that the court finds just or appropriate:

(1) Restitution to any victim or a statutorily created fund for costs incurred as a result of the offender's actions;

(2) Offender treatment programs;

(3) Mandatory community service;

(4) Work release programs in local facilities; and

(5) Community-based residential and nonresidential programs.

9. The provisions of this section shall apply only to offenses occurring on or after August 28, 2003.

10. Pursuant to subdivision (1) of subsection 8 of this section, the court may order the assessment and payment of a designated amount of restitution to a county law enforcement restitution fund established by the county commission pursuant to section 50.565. Such contribution shall not exceed three hundred dollars for any charged offense. Any restitution moneys deposited into the county law enforcement restitution fund pursuant to this section shall only be expended pursuant to the provisions of section 50.565.

11. A judge may order payment to a restitution fund only if such fund had been created by ordinance or resolution of a county of the state of Missouri prior to sentencing. A judge shall not have any direct supervisory authority or administrative control over any fund to which the judge is ordering a person to make payment.

12. A person who fails to make a payment to a county law enforcement restitution fund may not have his or her probation revoked solely for failing to make such payment unless the judge, after evidentiary hearing, makes a finding supported by a preponderance of the evidence that the person either willfully refused to make the payment or that the person willfully, intentionally, and purposefully failed to make sufficient bona fide efforts to acquire the resources to pay.

13. Nothing in this section shall be construed to allow the sentencing advisory commission to issue recommended sentences in specific cases pending in the courts of this state.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-092)

Subject

Initiative petition from Shetova Hayes regarding a proposed amendment to Chapter 558 of the Revised Statutes of Missouri. (Received June 20, 2019)

Date

July 10, 2019

Description

This proposal would amend Chapter 558 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition has no impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated this initiative petition proposes changes in section 558.019, RSMo subsection 3 as follows:

Section 558.019 subsection 3, requiring a minimum prison term of eighty-five percent for a dangerous felony, is repealed to add the term, "*Any offender who has more than once been found guilty of a dangerous felony*" instead of "*Any offender who has been found guilty of a dangerous felony.*" Thus, the requirement of completion of eighty five percent of prison term before attaining seventy years is amended to be applicable to offenders who are found more than once guilty of a dangerous felony under section 556.061.

Although section 558.019, subsection 3(1) sets the minimum prison term to fifty percent for offenders who have one previous prison commitment to the department of corrections for a dangerous felony, it is assumed that the intent of the legislation is to be that offenders

with no prior incarceration for a dangerous felony will serve a minimum prison term of 50%. The subsection also sets parole hearing guidelines for such offenders. The legislation will apply to offenders serving new sentences and to offenders incarcerated and serving a minimum prison term of 85%.

Calculating how long offenders will serve if the minimum prison term (MPT) is reduced to 50% is difficult because dangerous felonies are serious offenses and the parole board has historically required offenders to serve a significant portion of the sentence before parole. If the MPT is reduced to 50%, then the time served can be from 50% to the conditional release date.

It is unknown how the Parole Board will determine the release dates for offenders serving dangerous felonies. Therefore, the fiscal impact to their department with the passage of this bill would be unknown ($0) to an unknown cost avoidance (savings), as nothing in the petition would require them to hold offenders longer, but would rather allow for the potential early release of qualifying offenders.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety-Director's Office** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** indicated no impact for this initiative petition.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition is projected to have no fiscal impact on their office/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal amends Section 558.019 by modifying minimum prison terms for offenders found guilty of a dangerous felony. Current law provides that offenders who have been found guilty of a dangerous felony shall be required to serve a minimum prison term of 85% of the sentence or until the offender attains 70 years of age and has served at least 40% of the sentence imposed.

This proposal modifies current law to require that offenders who have been more than once found guilty of a dangerous felony shall be required to serve a minimum prison term of 85% of the sentence or until the offender attains 70 years of age and has served at least 40% of the sentence imposed. Offenders who have one previous prison commitment for a dangerous felony shall be required to serve a minimum prison term of 50% of the sentence or until the offender attains 70 years of age and has served at least 40% of the sentence imposed. A parole hearing for such offenders shall be scheduled every two years and parole shall be granted if the offender has maintained the best possible institutional score for the year prior to their parole hearing. The first-time conviction exception shall be applicable to dangerous felonies, except for rape and child molestation, occurring on or after August 28, 1994.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year (FY) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this has no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they see no specific fiscal impact of this petition on their school.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate no additional costs, and possible savings of an unknown amount. Local governmental entities expect no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 18, 2019

RECEIVED
JUN 18 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, Version 4 (2020-091)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on June 17, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

20-091

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	NAME (Printed or Typed)
1.					
2.					
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RECEIVED
2020 JUN 17 PM 4:18

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Signature of Affiant (Person obtaining signatures)

Printed Name of Affiant

Street Address of Affiant

City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary

Address of Notary

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services and the department of conservation to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive a mail-in absentee ballot.

(6) Mail-in absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7)Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Notwithstanding any other provision of law to the contrary, the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. Provisional ballots, regardless of type, shall be counted as provided herein.

(1) If the provisional ballot cast by the voter contains the same candidates and measures on which the voter would have been entitled to vote in his or her assigned precinct, the ballot shall be counted.

(2) If the provisional ballot cast by the voter contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

Section 27. An individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote as provided herein.

(1) Such individuals shall be pre-registered pursuant to the registration process in Section 5 of this Article; or

(2) Such individuals may choose to register pursuant to any other registration procedure available under general election law.

2. Such individuals are prohibited from casting a ballot untilt he meet all voter eligibility requirements.

Section 28. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 18, 2019

RECEIVED
JUN 18 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, Version 3 (2020-090)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on June 17, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

20-090

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

RECEIVED
2019 JUN 17 P 1:

	NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Affiant (Person obtaining signatures)

Printed Name of Affiant

Street Address of Affiant

City, State and Zip Code of Affiant

Signature of Notary

Address of Notary

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services and the department of conservation to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive a mail-in absentee ballot.

(6) Mail-in absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7)Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Notwithstanding any other provision of law to the contrary, the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. Provisional ballots, regardless of type, shall be counted as provided herein.

(1) If the provisional ballot cast by the voter contains the same candidates and measures on which the voter would have been entitled to vote in his or her assigned precinct, the ballot shall be counted.

(2) If the provisional ballot cast by the voter contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

Section 27. An individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote as provided herein.

(1) Such individuals shall be pre-registered pursuant to the registration process in Section 5 of this Article; or

(2) Such individuals may choose to register pursuant to any other registration procedure available under general election law.

2. Such individuals are prohibited from casting a ballot untilt he meet all voter eligibility requirements.

Section 28. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 18, 2019

RECEIVED
JUN 18 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, Version 2 (2020-089)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on June 17, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

20-089

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 JUN 17 PM 1:16

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____being first duly sworn, say (print names of signers)

	NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	NAME (Printed or Typed)
1.						
2.						
3.						
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary _____

Address of Notary _____

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services and the department of conservation to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election, except that the location shall be open for two hours before and two hours after regularly scheduled business hours during each of the six days before election day.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive a mail-in absentee ballot.

(6) Mail-in absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7)Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Notwithstanding any other provision of law to the contrary, the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. Provisional ballots, regardless of type, shall be counted as provided herein.

(1) If the provisional ballot cast by the voter contains the same candidates and measures on which the voter would have been entitled to vote in his or her assigned precinct, the ballot shall be counted.

(2) If the provisional ballot cast by the voter contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

Section 27. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-089)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received June 18, 2019)

Date

July 8, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition has no impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $34,072 for fiscal year (FY) 2021 for salary cots and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, Department of Corrections, and other state agencies as described in Section 5 (4) are also affected by this proposal.

OA-ITSD cost estimate equals 298.08 hours x $75 = $22,356

Fiscal Note	IP 20-089		ITSD - DOR		
Bill Number	IP 20-089				
Will a new system be required?			Yes _	X	No
Indicate fiscal year when fully implemented			FY	2021	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2021**	**FY 2022**	**FY 2023**
General Revenue			22,356	-	-
Other			-	-	-
Federal Funds			-	-	-
Total			22,356	-	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	5.2				
			FY 2021	FY 2022	FY 2023
DMVC/MyDMV	Rate	Hours	$	$	$
IT Consultants	75	298.08	22,356	-	-
Section Total Expenditures:			22,356	-	-
Section Funding:	General Revenue		22,356	-	-
	Federal		-	-	-
	Other		-	-	-
		Total	22,356	-	-

Section 5 (2)

The proposed language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the state of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who,

based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend or discontinue current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021
Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021
Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager –	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,716

OA-ITSD Impact

ITSD - DOR						
Bill Number	IP 20-089	FN #	IP 20-089			
Bill Section(s)	5.2					
Application Name:	DMVC/MyDMV			**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants	**On-going Yes/No**	**Rate *1**	**Hours**	**$**	**$**	**$**
Requirements Gathering		75	17	1,275	-	-
Analysis		75	17	1,275	-	-
Design		75	17	1,275	-	-
Development		75	168	12,600	-	-
Test		75	50	3,750	-	-
Implementation		75	7	525	-	-
Project Management *2		75	22.08	1,656	-	-
On-going support		75		-	-	-
Section Total IT Consultants:		75	298.08	22,356	-	-
Section Total Expenditures:				22,356	-	-
General Revenue				22,356		-
Federal					-	-
Other						
Section Funding: *3				22,356	-	-
2. Does this proposal duplicate any other program?						
No						
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)						
This bill impacts the Online Address Change website to collect change of addresses by citizens.						
8b. Explanation of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.						
Language in the IP is already being implemented in a rewrite of the online address change website process.						

The department also provided the following comments:

Section 5 (2)

For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they assume no fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact, as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting four new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day. The Secretary of State and all local election authorities shall make available a list of all voters who cast absentee ballots.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal provides that the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. If the provisional ballot contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Additionally, this petition requires local election authorities to maintain office hours for two hours earlier and two hours later than their normal business hours for six days prior to

an election (while the wording is ambiguous, their assumption is that this refers to normal business days). This increase would require additional staffing costs for the equivalent of 696 judge-days statewide (two judges for the equivalent of 3 days in 116 jurisdictions). Again assuming an average payment of $125 per judge-day, this would amount to $87,000 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated:

The following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **20.9%** of the population is under **18** years old, which accounts for **60,957** residents. They have on average **190,000** registered voters, of which about **30,000** (**16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
AP = Annual Pay

291,9235 R's – 60,957 R's under **18 yrs** = **230,966 R's 18 yrs** or older

230,966 R's 18 yrs or older – **190,000 RV's = 40,966 PV's**

40,966 PV's x .50 MC = $20,483

40,966 PV x 1.06 CPC2P = $43,423.96

If they have approximately **40,966 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$20,483 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$43,423.96** to the cost when it is multiplied by the estimated **40,966** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost will be **$24,689.60** per hire for their annual pay. The total annual cost for two fulltime hires will be **$49,379.20.**

40,966 PV's x .50 MC	**= $20,483**
40,966 PV's x 1.06 CPC2P	**= $43,423.96**
2 FTH x $24,689.60 AP	**= $49,379.20**
Total:	**= $113,286.16**

The total estimated initial cost for Greene County for **IP 20-089** proposing to amend Article VIII, version 2, will cost Greene County **$113,286.16** with a minimum ongoing cost of **$49,379.20** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from the **City of Kansas City** indicated this has no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they see no specific fiscal impact on their school from this initiative petition other than how the cost of it may be reflected in the state's ability to fully fund public schools state-wide.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $47,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend and 16 hours on the weekdays, and at a rate of $5,000 per every 8 hours, this would cost $17,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Platte County Election Board** indicated they anticipate that this change would increase election costs by $3,000 per election to cover the additional absentee voting time.

Officials from the **State Auditor's office** indicated this proposal should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

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[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $745,000 in one-time costs, $49,000 in annual costs, and $181,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 18, 2019

RECEIVED
JUN 18 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, Version 1 (2020-088)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on June 17, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

20-088

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 JUN 17 PM 4:15

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Signature of Notary _____

Address of Notary _____

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services and the department of conservation to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election, except that the location shall be open for two hours before and two hours after regularly scheduled business hours during each of the six days before election day.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive a mail-in absentee ballot.

(6) Mail-in absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7)Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Notwithstanding any other provision of law to the contrary, the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. Provisional ballots, regardless of type, shall be counted as provided herein.

(1) If the provisional ballot cast by the voter contains the same candidates and measures on which the voter would have been entitled to vote in his or her assigned precinct, the ballot shall be counted.

(2) If the provisional ballot cast by the voter contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

Section 27. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-088)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received June 18, 2019)

Date

July 8, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition has no impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $34,072 for fiscal year (FY) 2021 for salary cots and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, Department of Corrections, and other state agencies as described in Section 5 (4) are also affected by this proposal.

OA-ITSD cost estimate equals 298.08 hours x $75 = $22,356

Fiscal Note	IP 20-088		ITSD - DOR		
Bill Number	IP 20-088				
Will a new system be required?			Yes	X	No
Indicate fiscal year when fully implemented			FY	2021	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2021**	**FY 2022**	**FY 2023**
General Revenue			22,356	-	-
Other			-	-	-
Federal Funds			-	-	-
Total			22,356	-	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	5.2				
			FY 2021	FY 2022	FY 2023
DMVC/MyDMV	Rate	Hours	$	$	$
IT Consultants	75	298.08	22,356	-	-
Section Total Expenditures:			22,356	-	-
Section Funding:	General Revenue		22,356	-	-
	Federal		-	-	-
	Other		-	-	-
		Total	22,356	-	-

Section 5 (2)

The proposed language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the state of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who,

based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend or discontinue current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021
Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021
Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager –	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,716

OA-ITSD Impact

ITSD - DOR						
Bill Number	IP 20-088	FN #	IP 20-088			
Bill Section(s)	5.2					
Application Name:	DMVC/MyDMV			**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants	**On-going Yes/No**	**Rate *1**	**Hours**	**$**	**$**	**$**
Requirements Gathering		75	17	1,275	-	-
Analysis		75	17	1,275	-	-
Design		75	17	1,275	-	-
Development		75	168	12,600	-	-
Test		75	50	3,750	-	-
Implementation		75	7	525	-	-
Project Management *2		75	22.08	1,656	-	-
On-going support		75		-	-	-
Section Total IT Consultants:		75	298.08	22,356	-	-
Section Total Expenditures:				22,356	-	-
General Revenue				22,356		-
Federal					-	-
Other						
Section Funding: *3				22,356	-	-
2. Does this proposal duplicate any other program?						
No						
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)						
This bill impacts the Online Address Change website to collect change of addresses by citizens.						
8b. Explanation of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.						
Language in the IP is already being implemented in a rewrite of the online address change website process.						

The department also provided the following comments:

Section 5 (2)

For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they assume no fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact, as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting four new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day. The Secretary of State and all local election authorities shall make available a list of all voters who cast absentee ballots.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal provides that the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. If the provisional ballot contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Additionally, this petition requires local election authorities to maintain office hours for two hours earlier and two hours later than their normal business hours for six days prior to

an election (while the wording is ambiguous, their assumption is that this refers to normal business days). This increase would require additional staffing costs for the equivalent of 696 judge-days statewide (two judges for the equivalent of 3 days in 116 jurisdictions). Again assuming an average payment of $125 per judge-day, this would amount to $87,000 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated:

The following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **20.9%** of the population is under **18** years old, which accounts for **60,957** residents. They have on average **190,000** registered voters, of which about **30,000** (**16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
AP = Annual Pay

291,9235 R's – 60,957 R's under **18 yrs** = **230,966 R's 18 yrs** or older

230,966 R's 18 yrs or older – **190,000 RV's = 40,966 PV's**

40,966 PV's x .50 MC = $20,483

40,966 PV x 1.06 CPC2P = $43,423.96

If they have approximately **40,966 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$20,483 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$43,423.96** to the cost when it is multiplied by the estimated **40,966** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost will be **$24,689.60** per hire for their annual pay. The total annual cost for two fulltime hires will be **$49,379.20.**

40,966 PV's x .50 MC	**= $20,483**
40,966 PV's x 1.06 CPC2P	**= $43,423.96**
2 FTH x $24,689.60 AP	**= $49,379.20**
Total:	**= $113,286.16**

The total estimated initial cost for Greene County for **IP 20-088** proposing to amend Article VIII, version 1, will cost Greene County **$113,286.16** with a minimum ongoing cost of **$49,379.20** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from the **City of Kansas City** indicated this has no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they see no specific fiscal impact on their school from this initiative petition other than how the cost of it may be reflected in the state's ability to fully fund public schools state-wide.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $47,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend and 16 hours on the weekdays, and at a rate of $5,000 per every 8 hours, this would cost $17,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Platte County Election Board** indicated they anticipate that this change would increase election costs by $3,000 per election to cover the additional absentee voting time.

Officials from the **State Auditor's office** indicated this proposal should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

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[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $745,000 in one-time costs, $49,000 in annual costs, and $181,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 17, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
JUN 17 2019
STATE AUDITORS OFFICE

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, Version 16 (2020-087)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on June 14, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

20-087

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

RECEIVED
2019 JUN 14 PM 3:20

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary _____

Address of Notary _____

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services, the department of conservation, and the department of corrections to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be

removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election, except that the location shall be open for two hours before and two hours after regularly scheduled business hours during each of the six days before election day.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive a mail-in absentee ballot.

(6) Mail-in absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7)Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Notwithstanding any other provision of law to the contrary, the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. Provisional ballots, regardless of type, shall be counted as provided herein.

(1) If the provisional ballot cast by the voter contains the same candidates and measures on which the voter would have been entitled to vote in his or her assigned precinct, the ballot shall be counted.

(2) If the provisional ballot cast by the voter contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

Section 27. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 17, 2019

RECEIVED
JUN 17 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, Version 15 (2020-086)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on June 14, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

20-086

RECEIVED
2019 JUN 14 PM 3:19

Page No: _____

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary _____

Address of Notary _____

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services, the department of conservation, and the department of corrections to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be

removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election, except that the location shall be open for two hours before and two hours after regularly scheduled business hours during each of the six days before election day.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive a mail-in absentee ballot.

(6) Mail-in absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7)Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Notwithstanding any other provision of law to the contrary, the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. Provisional ballots, regardless of type, shall be counted as provided herein.

(1) If the provisional ballot cast by the voter contains the same candidates and measures on which the voter would have been entitled to vote in his or her assigned precinct, the ballot shall be counted.

(2) If the provisional ballot cast by the voter contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

Section 27. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 17, 2019

RECEIVED
JUN 17 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, Version 14 (2020-085)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on June 14, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

RECEIVED
2019 JUN 14 PM 3:18

Page No: _____

20-085

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Signature of Notary _____

Address of Notary _____

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services, and the department of conservation to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive a mail-in absentee ballot.

(6) Mail-in absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7)Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Notwithstanding any other provision of law to the contrary, the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. Provisional ballots, regardless of type, shall be counted as provided herein.

(1) If the provisional ballot cast by the voter contains the same candidates and measures on which the voter would have been entitled to vote in his or her assigned precinct, the ballot shall be counted.

(2) If the provisional ballot cast by the voter contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

Section 27. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

Section 28. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 17, 2019

RECEIVED
JUN 17 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, Version 13 (2020-084)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on June 14, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

20-084

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

RECEIVED
2019 JUN 14 PM 3:17

Page No: _____

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary _____

Address of Notary _____

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services, and the department of conservation to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive a mail-in absentee ballot.

(6) Mail-in absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7)Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Notwithstanding any other provision of law to the contrary, the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. Provisional ballots, regardless of type, shall be counted as provided herein.

(1) If the provisional ballot cast by the voter contains the same candidates and measures on which the voter would have been entitled to vote in his or her assigned precinct, the ballot shall be counted.

(2) If the provisional ballot cast by the voter contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

Section 27. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

Section 28. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 17, 2019

RECEIVED
JUN 17 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, Version 12 (2020-083)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on June 14, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

RECEIVED

2019 NOV 14 PM 3:16

20-083

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Signature of Notary _____

Address of Notary _____

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services, and the department of conservation to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive a mail-in absentee ballot.

(6) Mail-in absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7)Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Notwithstanding any other provision of law to the contrary, the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. Provisional ballots, regardless of type, shall be counted as provided herein.

(1) If the provisional ballot cast by the voter contains the same candidates and measures on which the voter would have been entitled to vote in his or her assigned precinct, the ballot shall be counted.

(2) If the provisional ballot cast by the voter contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

Section 27. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-083)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received June 17, 2019)

Date

July 8, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition has no impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $34,072 for fiscal year (FY) 2021 for salary cots and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, Department of Corrections, and other state agencies as described in Section 5 (4) are also affected by this proposal.

OA-ITSD cost estimate equals 298.08 hours x $75 = $22,356

Fiscal Note	IP 20-083		ITSD - DOR		
Bill Number	IP 20-083				
Will a new system be required?			Yes _	X	No
Indicate fiscal year when fully implemented			FY	2021	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2021**	**FY 2022**	**FY 2023**
General Revenue			22,356	-	-
Other			-	-	-
Federal Funds			-	-	-
Total			22,356	-	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	5.2				
			FY 2021	FY 2022	FY 2023
DMVC/MyDMV	Rate	Hours	$	$	$
IT Consultants	75	298.08	22,356	-	-
Section Total Expenditures:			22,356	-	-
Section Funding:	General Revenue		22,356	-	-
	Federal		-	-	-
	Other		-	-	-
		Total	22,356	-	-

Section 5 (2)

The proposed language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the state of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who,

based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend or discontinue current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021
Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021
Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager –	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,716

OA-ITSD Impact

ITSD - DOR						
Bill Number	IP 20-083	FN #	IP 20-083			
Bill Section(s)	5.2					
Application Name:	DMVC/MyDMV			**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants	**On-going Yes/No**	**Rate *1**	**Hours**	**$**	**$**	**$**
Requirements Gathering		75	17	1,275	-	-
Analysis		75	17	1,275	-	-
Design		75	17	1,275	-	-
Development		75	168	12,600	-	-
Test		75	50	3,750	-	-
Implementation		75	7	525	-	-
Project Management *2		75	22.08	1,656	-	-
On-going support		75		-	-	-
Section Total IT Consultants:		75	298.08	22,356	-	-
Section Total Expenditures:				22,356	-	-
General Revenue				22,356		-
Federal					-	-
Other						
Section Funding: *3				22,356	-	-
2. Does this proposal duplicate any other program?						
No						
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)						
This bill impacts the Online Address Change website to collect change of addresses by citizens.						
8b. Explanation of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.						
Language in the IP is already being implemented in a rewrite of the online address change website process.						

The department also provided the following comments:

Section 5 (2)

For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they assume no fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact, as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting four new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day. The Secretary of State and all local election authorities shall make available a list of all voters who cast absentee ballots.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal provides that the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. If the provisional ballot contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated:

The following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **20.9%** of the population is under **18** years old, which accounts for **60,957** residents. They have on average **190,000** registered voters, of which about **30,000** (**16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
AP = Annual Pay

291,9235 R's – 60,957 R's under **18 yrs** = **230,966 R's 18 yrs** or older

230,966 R's 18 yrs or older – **190,000 RV's = 40,966 PV's**

40,966 PV's x .50 MC = $20,483

40,966 PV x 1.06 CPC2P = $43,423.96

If they have approximately **40,966 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$20,483 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$43,423.96** to the cost when it is multiplied by the estimated **40,966** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost will

be **$24,689.60** per hire for their annual pay. The total annual cost for two fulltime hires will be **$49,379.20.**

40,966 PV's x .50 MC	**= $20,483**
40,966 PV's x 1.06 CPC2P	**= $43,423.96**
2 FTH x $24,689.60 AP	**= $49,379.20**
Total:	**= $113,286.16**

The total estimated initial cost for Greene County for **IP 20-083** proposing to amend Article VIII, version 12, will cost Greene County **$113,286.16** with a minimum ongoing cost of **$49,379.20** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from the **City of Kansas City** indicated this has no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they see no specific fiscal impact on their school from this initiative petition other than how the cost of it may be reflected in the state's ability to fully fund public schools state-wide.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $37,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend, and at a rate of $5,000 per every 8 hours, this would cost $7,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Platte County Election Board** indicated they anticipate that this change would increase election costs by $3,000 per election to cover the additional absentee voting time.

Officials from the **State Auditor's office** indicated this proposal should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

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[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $745,000 in one-time costs, $49,000 in annual costs, and $84,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 17, 2019

RECEIVED
JUN 17 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, Version 11 (2020-082)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on June 14, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

20-082

INITIATIVE PETITION

RECEIVED 2019 JUN 14 PM 3:15

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary _____

Address of Notary _____

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services, and the department of conservation to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive a mail-in absentee ballot.

(6) Mail-in absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7)Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Notwithstanding any other provision of law to the contrary, the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. Provisional ballots, regardless of type, shall be counted as provided herein.

(1) If the provisional ballot cast by the voter contains the same candidates and measures on which the voter would have been entitled to vote in his or her assigned precinct, the ballot shall be counted.

(2) If the provisional ballot cast by the voter contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

Section 27. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-082)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received June 17, 2019)

Date

July 8, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition has no impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $34,072 for fiscal year (FY) 2021 for salary cots and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, Department of Corrections, and other state agencies as described in Section 5 (4)are also affected by this proposal.
OA-ITSD cost estimate equals 298.08 hours x $75 = $22,356

Fiscal Note	IP 20-082		ITSD - DOR		
Bill Number	IP 20-082				
Will a new system be required?			Yes	X	No
Indicate fiscal year when fully implemented			FY	2021	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2021**	**FY 2022**	**FY 2023**
General Revenue			22,356	-	-
Other			-	-	-
Federal Funds			-	-	-
Total			22,356	-	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	5.2				
			FY 2021	FY 2022	FY 2023
DMVC/MyDMV	Rate	Hours	$	$	$
IT Consultants	75	298.08	22,356	-	-
Section Total Expenditures:			22,356	-	-
Section Funding:	General Revenue		22,356	-	-
	Federal		-	-	-
	Other		-	-	-
		Total	22,356	-	-

Section 5 (2)
The proposed language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the state of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States

citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend or discontinue current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021
Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021
Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager –	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,716

OA-ITSD Impact

ITSD - DOR						
Bill Number	IP 20-082	FN #	IP 20-082			
Bill Section(s)	5.2					
Application Name:	DMVC/MyDMV			**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants	**On-going Yes/No**	**Rate *1**	**Hours**	**$**	**$**	**$**
Requirements Gathering		75	17	1,275	-	-
Analysis		75	17	1,275	-	-
Design		75	17	1,275	-	-
Development		75	168	12,600	-	-
Test		75	50	3,750	-	-
Implementation		75	7	525	-	-
Project Management *2		75	22.08	1,656	-	-
On-going support		75		-	-	-
Section Total IT Consultants:		75	298.08	22,356	-	-
Section Total Expenditures:				22,356	-	-
General Revenue				22,356		-
Federal					-	-
Other						
Section Funding: *3				22,356	-	-
2. Does this proposal duplicate any other program?						
No						
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)						
This bill impacts the Online Address Change website to collect change of addresses by citizens.						
8b. Explanation of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.						
Language in the IP is already being implemented in a rewrite of the online address change website process.						

The department also provided the following comments:

Section 5 (2)

For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they assume no fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact, as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting four new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day. The Secretary of State and all local election authorities shall make available a list of all voters who cast absentee ballots.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal provides that the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. If the provisional ballot contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated:

The following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **20.9%** of the population is under **18** years old, which accounts for **60,957** residents. They have on average **190,000** registered voters, of which about **30,000** (**16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
AP = Annual Pay

291,9235 R's – 60,957 R's under **18 yrs** = **230,966 R's 18 yrs** or older

230,966 R's 18 yrs or older – **190,000 RV's = 40,966 PV's**

40,966 PV's x .50 MC = $20,483

40,966 PV x 1.06 CPC2P = $43,423.96

If they have approximately **40,966 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$20,483 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$43,423.96** to the cost when it is multiplied by the estimated **40,966** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost will

be **$24,689.60** per hire for their annual pay. The total annual cost for two fulltime hires will be **$49,379.20.**

40,966 PV's x .50 MC	**= $20,483**
40,966 PV's x 1.06 CPC2P	**= $43,423.96**
2 FTH x $24,689.60 AP	**= $49,379.20**
Total:	**= $113,286.16**

The total estimated initial cost for Greene County for **IP 20-082** proposing to amend Article VIII, version 11, will cost Greene County **$113,286.16** with a minimum ongoing cost of **$49,379.20** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from the **City of Kansas City** indicated this has no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they see no specific fiscal impact on their school from this initiative petition other than how the cost of it may be reflected in the state's ability to fully fund public schools state-wide.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $37,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend, and at a rate of $5,000 per every 8 hours, this would cost $7,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Platte County Election Board** indicated they anticipate that this change would increase election costs by $3,000 per election to cover the additional absentee voting time.

Officials from the **State Auditor's office** indicated this proposal should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

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[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $745,000 in one-time costs, $49,000 in annual costs, and $84,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 17, 2019

RECEIVED
JUN 17 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, Version 10 (2020-081)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on June 14, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

20-081

INITIATIVE PETITION

RECEIVED
2019 JUN 14 PM 3:14

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Signature of Notary _____

Address of Notary _____

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services, the department of conservation, and the department of corrections to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be

removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive a mail-in absentee ballot.

(6) Mail-in absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7)Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Notwithstanding any other provision of law to the contrary, the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. Provisional ballots, regardless of type, shall be counted as provided herein.

(1) If the provisional ballot cast by the voter contains the same candidates and measures on which the voter would have been entitled to vote in his or her assigned precinct, the ballot shall be counted.

(2) If the provisional ballot cast by the voter contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

Section 27. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-081)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received June 17, 2019)

Date

July 8, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition has no impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact. Based on their interpretation of this legislation, their department would be required to provide a list of citizens who are eligible to vote to the Secretary of State upon request. Their response of "no impact" is based on this assumption. Should their interpretation be incorrect and the legislation would require their department to actively track, manage, or report information, a fiscal impact to their department is possible.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $34,072 for fiscal year (FY) 2021 for salary cots and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, Department of Corrections, and other state agencies as described in Section 5 (4) are also affected by this proposal.

OA-ITSD cost estimate equals 298.08 hours x $75 = $22,356

Fiscal Note	IP 20-081		ITSD - DOR		
Bill Number	IP 20-081				
Will a new system be required?			Yes	X	No
Indicate fiscal year when fully implemented			FY	2021	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2021**	**FY 2022**	**FY 2023**
General Revenue			22,356	-	-
Other			-	-	-
Federal Funds			-	-	-
Total			22,356	-	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	5.2				
			FY 2021	FY 2022	FY 2023
DMVC/MyDMV	Rate	Hours	$	$	$
IT Consultants	75	298.08	22,356	-	-
Section Total Expenditures:			22,356	-	-
Section Funding:	General Revenue		22,356	-	-
	Federal		-	-	-
	Other		-	-	-
		Total	22,356	-	-

Section 5 (2)

The proposed language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the state of Missouri. Such

list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend or discontinue current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021
Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021
Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager –	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,716

OA-ITSD Impact

ITSD - DOR						
Bill Number	IP 20-081	FN #	IP 20-081			
Bill Section(s)	5.2					
Application Name:	DMVC/MyDMV			**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants	**On-going Yes/No**	**Rate *1**	**Hours**	**$**	**$**	**$**
Requirements Gathering		75	17	1,275	-	-
Analysis		75	17	1,275	-	-
Design		75	17	1,275	-	-
Development		75	168	12,600	-	-
Test		75	50	3,750	-	-
Implementation		75	7	525	-	-
Project Management *2		75	22.08	1,656	-	-
On-going support		75		-	-	-
Section Total IT Consultants:		75	298.08	22,356	-	-
Section Total Expenditures:				22,356	-	-
General Revenue				22,356		-
Federal					-	-
Other						
Section Funding: *3				22,356	-	-
2. Does this proposal duplicate any other program?						
No						
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)						
This bill impacts the Online Address Change website to collect change of addresses by citizens.						
8b. Explanation of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.						
Language in the IP is already being implemented in a rewrite of the online address change website process.						

The department also provided the following comments:

Section 5 (2)

For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they assume no fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact, as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting four new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day. The Secretary of State and all local election authorities shall make available a list of all voters who cast absentee ballots.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal provides that the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. If the provisional ballot contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated:

The following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **20.9%** of the population is under **18** years old, which accounts for **60,957** residents. They have on average **190,000** registered voters, of which about **30,000** (**16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
AP = Annual Pay

291,9235 R's – 60,957 R's under **18 yrs** = **230,966 R's 18 yrs** or older

230,966 R's 18 yrs or older – **190,000 RV's = 40,966 PV's**

40,966 PV's x .50 MC = $20,483

40,966 PV x 1.06 CPC2P = $43,423.96

If they have approximately **40,966 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$20,483 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$43,423.96** to the cost when it is multiplied by the estimated **40,966** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost will

be **$24,689.60** per hire for their annual pay. The total annual cost for two fulltime hires will be **$49,379.20.**

40,966 PV's x .50 MC	**= $20,483**
40,966 PV's x 1.06 CPC2P	**= $43,423.96**
2 FTH x $24,689.60 AP	**= $49,379.20**
Total:	**= $113,286.16**

The total estimated initial cost for Greene County for **IP 20-081** proposing to amend Article VIII, version 10, will cost Greene County **$113,286.16** with a minimum ongoing cost of **$49,379.20** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from the **City of Kansas City** indicated this has no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they see no specific fiscal impact on their school from this initiative petition other than how the cost of it may be reflected in the state's ability to fully fund public schools state-wide.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $37,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend, and at a rate of $5,000 per every 8 hours, this would cost $7,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Platte County Election Board** indicated they anticipate that this change would increase election costs by $3,000 per election to cover the additional absentee voting time.

Officials from the **State Auditor's office** indicated this proposal should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

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[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $745,000 in one-time costs, $49,000 in annual costs, and $84,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 17, 2019

RECEIVED
JUN 17 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, Version 9 (2020-080)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on June 14, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

RECEIVED

2019 DEC 19 PM 3:13

INITIATIVE PETITION

Page No: _____

20-080

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary _____

Address of Notary _____

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services, the department of conservation, and the department of corrections to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be

removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive a mail-in absentee ballot.

(6) Mail-in absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7)Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Notwithstanding any other provision of law to the contrary, the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. Provisional ballots, regardless of type, shall be counted as provided herein.

(1) If the provisional ballot cast by the voter contains the same candidates and measures on which the voter would have been entitled to vote in his or her assigned precinct, the ballot shall be counted.

(2) If the provisional ballot cast by the voter contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

Section 27. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-080)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received June 17, 2019)

Date

July 8, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition has no impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact. Based on their interpretation of this legislation, their department would be required to provide a list of citizens who are eligible to vote to the Secretary of State upon request. Their response of "no impact" is based on this assumption. Should their interpretation be incorrect and the legislation would require their department to actively track, manage, or report information, a fiscal impact to their department is possible.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $34,072 for fiscal year (FY) 2021 for salary cots and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, Department of Corrections, and other state agencies as described in Section 5 (4) are also affected by this proposal.

OA-ITSD cost estimate equals 298.08 hours x $75 = $22,356

Fiscal Note	IP 20-080		ITSD - DOR		
Bill Number	IP 20-080				
Will a new system be required?			Yes	X	No
Indicate fiscal year when fully implemented			FY 2021		
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2021**	**FY 2022**	**FY 2023**
General Revenue			22,356	-	-
Other			-	-	-
Federal Funds			-	-	-
Total			22,356	-	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	5.2				
			FY 2021	FY 2022	FY 2023
DMVC/MyDMV	Rate	Hours	$	$	$
IT Consultants	75	298.08	22,356	-	-
Section Total Expenditures:			22,356	-	-
Section Funding:	General Revenue		22,356	-	-
	Federal		-	-	-
	Other		-	-	-
		Total	22,356	-	-

Section 5 (2)

The proposed language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the state of Missouri. Such

list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend or discontinue current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021
Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021
Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager –	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,716

OA-ITSD Impact

ITSD - DOR						
Bill Number	IP 20-080	FN #	IP 20-080			
Bill Section(s)	5.2					
Application Name:	DMVC/MyDMV			**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants	**On-going Yes/No**	**Rate *1**	**Hours**	**$**	**$**	**$**
Requirements Gathering		75	17	1,275	-	-
Analysis		75	17	1,275	-	-
Design		75	17	1,275	-	-
Development		75	168	12,600	-	-
Test		75	50	3,750	-	-
Implementation		75	7	525	-	-
Project Management *2		75	22.08	1,656	-	-
On-going support		75		-	-	-
Section Total IT Consultants:		75	298.08	22,356	-	-
Section Total Expenditures:				22,356	-	-
General Revenue				22,356		-
Federal					-	-
Other						
Section Funding: *3				22,356	-	-
2. Does this proposal duplicate any other program?						
No						
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)						
This bill impacts the Online Address Change website to collect change of addresses by citizens.						
8b. Explanation of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.						
Language in the IP is already being implemented in a rewrite of the online address change website process.						

The department also provided the following comments:

Section 5 (2)

For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they assume no fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact, as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting four new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day. The Secretary of State and all local election authorities shall make available a list of all voters who cast absentee ballots.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal provides that the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. If the provisional ballot contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated:

The following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **20.9%** of the population is under **18** years old, which accounts for **60,957** residents. They have on average **190,000** registered voters, of which about **30,000** (**16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
AP = Annual Pay

291,9235 R's – 60,957 R's under **18 yrs** = **230,966 R's 18 yrs** or older

230,966 R's 18 yrs or older – **190,000 RV's = 40,966 PV's**

40,966 PV's x .50 MC = $20,483

40,966 PV x 1.06 CPC2P = $43,423.96

If they have approximately **40,966 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$20,483 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$43,423.96** to the cost when it is multiplied by the estimated **40,966** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost will

be **$24,689.60** per hire for their annual pay. The total annual cost for two fulltime hires will be **$49,379.20.**

40,966 PV's x .50 MC	**= $20,483**
40,966 PV's x 1.06 CPC2P	**= $43,423.96**
2 FTH x $24,689.60 AP	**= $49,379.20**
Total:	**= $113,286.16**

The total estimated initial cost for Greene County for **IP 20-080** proposing to amend Article VIII, version 9, will cost Greene County **$113,286.16** with a minimum ongoing cost of **$49,379.20** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from the **City of Kansas City** indicated this has no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they see no specific fiscal impact on their school from this initiative petition other than how the cost of it may be reflected in the state's ability to fully fund public schools state-wide.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $37,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend, and at a rate of $5,000 per every 8 hours, this would cost $7,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Platte County Election Board** indicated they anticipate that this change would increase election costs by $3,000 per election to cover the additional absentee voting time.

Officials from the **State Auditor's office** indicated this proposal should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

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[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $745,000 in one-time costs, $49,000 in annual costs, and $84,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 17, 2019

RECEIVED
JUN 17 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, Version 8 (2020-079)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on June 14, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

RECEIVED

2020 JUN 24 PM 3:12

20-079

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary _____

Address of Notary _____

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services, the department of conservation, and the department of corrections to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be

removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election, except that the location shall be open for two hours before and two hours after regularly scheduled business hours during each of the six days before election day.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive a mail-in absentee ballot.

(6) Mail-in absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7)Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Notwithstanding any other provision of law to the contrary, the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. Provisional ballots, regardless of type, shall be counted as provided herein.

(1) If the provisional ballot cast by the voter contains the same candidates and measures on which the voter would have been entitled to vote in his or her assigned precinct, the ballot shall be counted.

(2) If the provisional ballot cast by the voter contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

Section 27. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-079)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received June 17, 2019)

Date

July 8, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition has no impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact. Based on their interpretation of this legislation, their department would be required to provide a list of citizens who are eligible to vote to the Secretary of State upon request. Their response of "no impact" is based on this assumption. Should their interpretation be incorrect and the legislation would require their department to actively track, manage, or report information, a fiscal impact to their department is possible.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $34,072 for fiscal year (FY) 2021 for salary cots and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, Department of Corrections, and other state agencies as described in Section 5 (4) are also affected by this proposal.

OA-ITSD cost estimate equals 298.08 hours x $75 = $22,356

Fiscal Note	IP 20-079		ITSD - DOR		
Bill Number	IP 20-079				
Will a new system be required?			Yes	X	No
Indicate fiscal year when fully implemented			FY 2021		
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2021**	**FY 2022**	**FY 2023**
General Revenue			22,356	-	-
Other			-	-	-
Federal Funds			-	-	-
Total			22,356	-	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	5.2				
			FY 2021	FY 2022	FY 2023
DMVC/MyDMV	Rate	Hours	$	$	$
IT Consultants	75	298.08	22,356	-	-
Section Total Expenditures:			22,356	-	-
Section Funding:	General Revenue		22,356	-	-
	Federal		-	-	-
	Other		-	-	-
		Total	22,356	-	-

Section 5 (2)

The proposed language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the state of Missouri. Such

list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend or discontinue current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021
Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021
Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager –	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,716

OA-ITSD Impact

ITSD - DOR						
Bill Number	IP 20-079	FN #	IP 20-079			
Bill Section(s)	5.2					
Application Name:	DMVC/MyDMV			**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants	**On-going Yes/No**	**Rate *1**	**Hours**	**$**	**$**	**$**
Requirements Gathering		75	17	1,275	-	-
Analysis		75	17	1,275	-	-
Design		75	17	1,275	-	-
Development		75	168	12,600	-	-
Test		75	50	3,750	-	-
Implementation		75	7	525	-	-
Project Management *2		75	22.08	1,656	-	-
On-going support		75		-	-	-
Section Total IT Consultants:		75	298.08	22,356	-	-
Section Total Expenditures:				22,356	-	-
General Revenue				22,356		-
Federal					-	-
Other						
Section Funding: *3				22,356	-	-
2. Does this proposal duplicate any other program?						
No						
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)						
This bill impacts the Online Address Change website to collect change of addresses by citizens.						
8b. Explanation of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.						
Language in the IP is already being implemented in a rewrite of the online address change website process.						

The department also provided the following comments:

Section 5 (2)

For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they assume no fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact, as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting four new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day. The Secretary of State and all local election authorities shall make available a list of all voters who cast absentee ballots.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal provides that the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. If the provisional ballot contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Additionally, this petition requires local election authorities to maintain office hours for two hours earlier and two hours later than their normal business hours for six days prior to

an election (while the wording is ambiguous, their assumption is that this refers to normal business days). This increase would require additional staffing costs for the equivalent of 696 judge-days statewide (two judges for the equivalent of 3 days in 116 jurisdictions). Again assuming an average payment of $125 per judge-day, this would amount to $87,000 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated:

The following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **20.9%** of the population is under **18** years old, which accounts for **60,957** residents. They have on average **190,000** registered voters, of which about **30,000** (**16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
AP = Annual Pay

291,9235 R's – 60,957 R's under **18 yrs** = **230,966 R's 18 yrs** or older

230,966 R's 18 yrs or older – **190,000 RV's = 40,966 PV's**

40,966 PV's x .50 MC = $20,483

40,966 PV x 1.06 CPC2P = $43,423.96

If they have approximately **40,966 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$20,483 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$43,423.96** to the cost when it is multiplied by the estimated **40,966** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost will be **$24,689.60** per hire for their annual pay. The total annual cost for two fulltime hires will be **$49,379.20.**

40,966 PV's x .50 MC	**= $20,483**
40,966 PV's x 1.06 CPC2P	**= $43,423.96**
2 FTH x $24,689.60 AP	**= $49,379.20**
Total:	**= $113,286.16**

The total estimated initial cost for Greene County for **IP 20-079** proposing to amend Article VIII, version 8, will cost Greene County **$113,286.16** with a minimum ongoing cost of **$49,379.20** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from the **City of Kansas City** indicated this has no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they see no specific fiscal impact on their school from this initiative petition other than how the cost of it may be reflected in the state's ability to fully fund public schools state-wide.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $47,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend and 16 hours on the weekdays, and at a rate of $5,000 per every 8 hours, this would cost $17,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Platte County Election Board** indicated they anticipate that this change would increase election costs by $3,000 per election to cover the additional absentee voting time.

Officials from the **State Auditor's office** indicated this proposal should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

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[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $745,000 in one-time costs, $49,000 in annual costs, and $181,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
JUN 17 2019
STATE AUDITORS OFFICE

June 17, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, Version 7 (2020-078)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on June 14, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

20-078

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

RECEIVED
2019 JUN 14 PM 3:11

Page No: _____

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary _____

Address of Notary _____

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting four new sections to be known as Article VIII, Sections 24, 25, 26, and 27 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services, the department of conservation, and the department of corrections to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be

removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election, except that the location shall be open for two hours before and two hours after regularly scheduled business hours during each of the six days before election day.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive a mail-in absentee ballot.

(6) Mail-in absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7)Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Notwithstanding any other provision of law to the contrary, the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. Provisional ballots, regardless of type, shall be counted as provided herein.

(1) If the provisional ballot cast by the voter contains the same candidates and measures on which the voter would have been entitled to vote in his or her assigned precinct, the ballot shall be counted.

(2) If the provisional ballot cast by the voter contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

Section 27. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-078)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received June 17, 2019)

Date

July 8, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition has no impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact. Based on their interpretation of this legislation, their department would be required to provide a list of citizens who are eligible to vote to the Secretary of State upon request. Their response of "no impact" is based on this assumption. Should their interpretation be incorrect and the legislation would require their department to actively track, manage, or report information, a fiscal impact to their department is possible.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $34,072 for fiscal year (FY) 2021 for salary cots and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, Department of Corrections, and other state agencies as described in Section 5 (4) are also affected by this proposal.

OA-ITSD cost estimate equals 298.08 hours x $75 = $22,356

Fiscal Note	IP 20-078		ITSD - DOR		
Bill Number	IP 20-078				
Will a new system be required?			Yes	X	No
Indicate fiscal year when fully implemented			FY	2021	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2021**	**FY 2022**	**FY 2023**
General Revenue			22,356	-	-
Other			-	-	-
Federal Funds			-	-	-
Total			22,356	-	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	5.2				
			FY 2021	FY 2022	FY 2023
DMVC/MyDMV	Rate	Hours	$	$	$
IT Consultants	75	298.08	22,356	-	-
Section Total Expenditures:			22,356	-	-
Section Funding:	General Revenue		22,356	-	-
	Federal		-	-	-
	Other		-	-	-
		Total	22,356	-	-

Section 5 (2)

The proposed language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the state of Missouri. Such

list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend or discontinue current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021
Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021
Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager –	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,716

OA-ITSD Impact

ITSD - DOR						
Bill Number	IP 20-078	FN #	IP 20-078			
Bill Section(s)	5.2					
Application Name:	DMVC/MyDMV			**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants	**On-going Yes/No**	**Rate *1**	**Hours**	**$**	**$**	**$**
Requirements Gathering		75	17	1,275	-	-
Analysis		75	17	1,275	-	-
Design		75	17	1,275	-	-
Development		75	168	12,600	-	-
Test		75	50	3,750	-	-
Implementation		75	7	525	-	-
Project Management *2		75	22.08	1,656	-	-
On-going support		75		-	-	-
Section Total IT Consultants:		75	298.08	22,356	-	-
Section Total Expenditures:				22,356	-	-
General Revenue				22,356		-
Federal					-	-
Other						
Section Funding: *3				22,356	-	-
2. Does this proposal duplicate any other program?						
No						
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)						
This bill impacts the Online Address Change website to collect change of addresses by citizens.						
8b. Explanation of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.						
Language in the IP is already being implemented in a rewrite of the online address change website process.						

The department also provided the following comments:

Section 5 (2)

For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they assume no fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact, as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting four new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day. The Secretary of State and all local election authorities shall make available a list of all voters who cast absentee ballots.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal provides that the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. If the provisional ballot contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Additionally, this petition requires local election authorities to maintain office hours for two hours earlier and two hours later than their normal business hours for six days prior to

an election (while the wording is ambiguous, their assumption is that this refers to normal business days). This increase would require additional staffing costs for the equivalent of 696 judge-days statewide (two judges for the equivalent of 3 days in 116 jurisdictions). Again assuming an average payment of $125 per judge-day, this would amount to $87,000 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated:

The following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **20.9%** of the population is under **18** years old, which accounts for **60,957** residents. They have on average **190,000** registered voters, of which about **30,000 (16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
AP = Annual Pay

291,9235 R's – 60,957 R's under **18 yrs** = **230,966 R's 18 yrs** or older

230,966 R's 18 yrs or older – **190,000 RV's = 40,966 PV's**

40,966 PV's x .50 MC = $20,483

40,966 PV x 1.06 CPC2P = $43,423.96

If they have approximately **40,966 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$20,483 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$43,423.96** to the cost when it is multiplied by the estimated **40,966** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost will be **$24,689.60** per hire for their annual pay. The total annual cost for two fulltime hires will be **$49,379.20.**

40,966 PV's x .50 MC	**= $20,483**
40,966 PV's x 1.06 CPC2P	**= $43,423.96**
2 FTH x $24,689.60 AP	**= $49,379.20**
Total:	**= $113,286.16**

The total estimated initial cost for Greene County for **IP 20-078** proposing to amend Article VIII, version 7, will cost Greene County **$113,286.16** with a minimum ongoing cost of **$49,379.20** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from the **City of Kansas City** indicated this has no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they see no specific fiscal impact on their school from this initiative petition other than how the cost of it may be reflected in the state's ability to fully fund public schools state-wide.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $47,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend and 16 hours on the weekdays, and at a rate of $5,000 per every 8 hours, this would cost $17,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Platte County Election Board** indicated they anticipate that this change would increase election costs by $3,000 per election to cover the additional absentee voting time.

Officials from the **State Auditor's office** indicated this proposal should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

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[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $745,000 in one-time costs, $49,000 in annual costs, and $181,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 17, 2019

RECEIVED
JUN 17 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, Version 6 (2020-077)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on June 14, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

RECEIVED
2019 JUN 11 PM 3:10

INITIATIVE PETITION

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Signature of Notary _____

Address of Notary _____

(Seal)

20-077

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services, the department of conservation, and the department of corrections to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be

removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election, except that the location shall be open for two hours before and two hours after regularly scheduled business hours during each of the six days before election day.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive a mail-in absentee ballot.

(6) Mail-in absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7)Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Notwithstanding any other provision of law to the contrary, the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. Provisional ballots, regardless of type, shall be counted as provided herein.

(1) If the provisional ballot cast by the voter contains the same candidates and measures on which the voter would have been entitled to vote in his or her assigned precinct, the ballot shall be counted.

(2) If the provisional ballot cast by the voter contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

Section 27. An individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote as provided herein.

(1) Such individuals shall be pre-registered pursuant to the registration process in Section 5 of this Article; or

(2) Such individuals may choose to register pursuant to any other registration procedure available under general election law.

2. Such individuals are prohibited from casting a ballot until they meet all voter eligibility requirements.

Section 28. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-077)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received June 17, 2019)

Date

July 8, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition has no impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact. Based on their interpretation of this legislation, their department would be required to provide a list of citizens who are eligible to vote to the Secretary of State upon request. Their response of "no impact" is based on this assumption. Should their interpretation be incorrect and the legislation would require their department to actively track, manage, or report information, a fiscal impact to their department is possible.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $34,072 for fiscal year (FY) 2021 for salary cots and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, Department of Corrections, and other state agencies as described in Section 5 (4) are also affected by this proposal.

OA-ITSD cost estimate equals 298.08 hours x $75 = $22,356

Fiscal Note	IP 20-077		ITSD - DOR		
Bill Number	IP 20-077				
Will a new system be required?			Yes	X	No
Indicate fiscal year when fully implemented			FY 2021		
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2021**	**FY 2022**	**FY 2023**
General Revenue			22,356	-	-
Other			-	-	-
Federal Funds			-	-	-
Total			22,356	-	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	5.2				
			FY 2021	FY 2022	FY 2023
DMVC/MyDMV	Rate	Hours	$	$	$
IT Consultants	75	298.08	22,356	-	-
Section Total Expenditures:			22,356	-	-
Section Funding:	General Revenue		22,356	-	-
	Federal		-	-	-
	Other		-	-	-
		Total	22,356	-	-

Section 5 (2)

The proposed constitutional amendment petition language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote

in the State of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- Coordinate with OA-ITSD to develop a data pull process for defining records for submission to Secretary of State.
- Coordinate with OA-ITSD to develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.
- Implement MEDL changes to the signature collection and certification processes for all transactions to include updates related to automatic voter registration.
- Implement modifications to license verification statement or generated money receipt or temporary driving privilege document to include additional information related to automatic voter registration.

Section 27

An individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote as provided herein.

(1) Such individuals shall be pre-registered pursuant to the registration process in Section 5 of this Article.

The Department would be required to:

- Develop file generation edits to ensure driver license, nondriver license, and permit applicants age 16 and over are included in the new weekly file sent to the Secretary of State.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021

Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021

Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager –	40 hrs. x $20.59 per hr. =	$ 824.00
		Total = $11,716

OA-ITSD Impact

ITSD - DOR						
Bill Number	IP 20-077	FN #	IP 20-077			
Bill Section(s)	5.2					
Application Name:	DMVC/MyDMV			**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants	**On-going Yes/No**	**Rate *1**	**Hours**	**$**	**$**	**$**
Requirements Gathering		75	17	1,275	-	-
Analysis		75	17	1,275	-	-
Design		75	17	1,275	-	-
Development		75	168	12,600	-	-
Test		75	50	3,750	-	-
Implementation		75	7	525	-	-
Project Management *2		75	22.08	1,656	-	-
On-going support		75		-	-	-
Section Total IT Consultants:		75	298.08	22,356	-	-
Section Total Expenditures:				22,356	-	-
General Revenue				22,356		-
Federal					-	-
Other						
Section Funding: *3				22,356	-	-
2. Does this proposal duplicate any other program?						
No						
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)						
This bill impacts the Online Address Change website to collect change of addresses by citizens.						
8b. Explanation of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.						
Language in the IP is already being implemented in a rewrite of the online address change website process.						

The department also provided the following comments:

Section 5 (2)
For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Section 27
The Department assumes this minimum age applies to the file transfer to Secretary of State and will not change current voter registration application provisions which limit completion of an application to persons age 17 ½ years of age or older with a certification that they will be 18 years of age on or before election date.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they assume no fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact,

as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting five new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day. The Secretary of State and all local election authorities shall make available a list of all voters who cast absentee ballots.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal provides that the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. If the provisional ballot contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

The proposal provides that an individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote. Such individuals are prohibited from casting a ballot until they meet all voter eligibility requirements.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Additionally, this petition requires local election authorities to maintain office hours for two hours earlier and two hours later than their normal business hours for six days prior to an election (while the wording is ambiguous, their assumption is that this refers to normal business days). This increase would require additional staffing costs for the equivalent of 696 judge-days statewide (two judges for the equivalent of 3 days in 116 jurisdictions). Again assuming an average payment of $125 per judge-day, this would amount to $87,000 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated:

The following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **18.7%** of the population is under **16** years old, which accounts for **54,515** residents. They have on average **190,000** registered voters, of which about **30,000** (**16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
PTH = Part-time Hire
AP = Annual Pay

291,923 R's – 50,415 R's under **16 yrs** = **241,508 R's 16 yrs** or older

241,508 R's 16 yrs or older – **190,000 RV's = 51,508 PV's**

51,508 PV's x .50 MC = $20,000 + fees **= $25,754**

51,508 PV x 1.06 CPC2P = $54,598.48

If they have approximately **51,508 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$25,754 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$54,598.48** to the cost when it is multiplied by the estimated **51,508** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** and **1 PTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost per **FTH** will be **$24,689.60** per hire for their annual pay and **$12,026.90** annual pay for the **PTH**. The total annual cost for two fulltime hires will be **$49,379.20.**

51,508 PV's x .50 MC	**= $25,754**
51,508 PV x 1.06 CPC2	**= $54,598.48**
2 FTH x $24,689.60 AP	= **$49,379.20**
1 PTH x $12,026.90 AP	**= $12,026.90**
Total:	= **$141,758.58**

The total estimated initial cost for Greene County for **IP 20-077** proposing to amend Article VIII, version 6, will cost Greene County **$141,758.58** with a minimum ongoing cost of **$61,406.10** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from the **City of Kansas City** indicated this has no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they see no specific fiscal impact on their school from this initiative petition other than how the cost of it may be reflected in the state's ability to fully fund public schools state-wide.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $47,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend and 16 hours on the weekdays, and at a rate of $5,000 per every 8 hours, this would cost $17,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic

registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Platte County Election Board** indicated they anticipate that this change would increase election costs by $3,000 per election to cover the additional absentee voting time.

Officials from the **State Auditor's office** indicated this proposal should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

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[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $756,000 in one-time costs, $61,000 in annual costs, and $181,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 17, 2019

RECEIVED
JUN 17 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, Version 5 (2020-076)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on June 14, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

20-076

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

RECEIVED
2019 JUN 14 PM 2:09

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary _____

Address of Notary _____

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services, the department of conservation, and the department of corrections to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be

removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election, except that the location shall be open for two hours before and two hours after regularly scheduled business hours during each of the six days before election day.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive a mail-in absentee ballot.

(6) Mail-in absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7)Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Notwithstanding any other provision of law to the contrary, the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. Provisional ballots, regardless of type, shall be counted as provided herein.

(1) If the provisional ballot cast by the voter contains the same candidates and measures on which the voter would have been entitled to vote in his or her assigned precinct, the ballot shall be counted.

(2) If the provisional ballot cast by the voter contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

Section 27. An individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote as provided herein.

(1) Such individuals shall be pre-registered pursuant to the registration process in Section 5 of this Article; or

(2) Such individuals may choose to register pursuant to any other registration procedure available under general election law.

2. Such individuals are prohibited from casting a ballot until they meet all voter eligibility requirements.

Section 28. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-076)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received June 17, 2019)

Date

July 8, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition has no impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact. Based on their interpretation of this legislation, their department would be required to provide a list of citizens who are eligible to vote to the Secretary of State upon request. Their response of "no impact" is based on this assumption. Should their interpretation be incorrect and the legislation would require their department to actively track, manage, or report information, a fiscal impact to their department is possible.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $34,072 for fiscal year (FY) 2021 for salary cots and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, Department of Corrections, and other state agencies as described in Section 5 (4) are also affected by this proposal.

OA-ITSD cost estimate equals 298.08 hours x $75 = $22,356

Fiscal Note	IP 20-076		ITSD - DOR		
Bill Number	IP 20-076				
Will a new system be required?			Yes	X	No
Indicate fiscal year when fully implemented			FY 2021		
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2021**	**FY 2022**	**FY 2023**
General Revenue			22,356	-	-
Other			-	-	-
Federal Funds			-	-	-
Total			22,356	-	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	5.2				
			FY 2021	FY 2022	FY 2023
DMVC/MyDMV	Rate	Hours	$	$	$
IT Consultants	75	298.08	22,356	-	-
Section Total Expenditures:			22,356	-	-
Section Funding:	General Revenue		22,356	-	-
	Federal		-	-	-
	Other		-	-	-
		Total	22,356	-	-

Section 5 (2)

The proposed constitutional amendment petition language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote

in the State of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- Coordinate with OA-ITSD to develop a data pull process for defining records for submission to Secretary of State.
- Coordinate with OA-ITSD to develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.
- Implement MEDL changes to the signature collection and certification processes for all transactions to include updates related to automatic voter registration.
- Implement modifications to license verification statement or generated money receipt or temporary driving privilege document to include additional information related to automatic voter registration.

Section 27

An individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote as provided herein.

(1) Such individuals shall be pre-registered pursuant to the registration process in Section 5 of this Article.

The Department would be required to:

- Develop file generation edits to ensure driver license, nondriver license, and permit applicants age 16 and over are included in the new weekly file sent to the Secretary of State.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021

Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021

Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager –	40 hrs. x $20.59 per hr. =	$ 824.00
		Total = $11,716

OA-ITSD Impact

ITSD - DOR						
Bill Number	IP 20-076	FN #	IP 20-076			
Bill Section(s)	5.2					
Application Name:	DMVC/MyDMV			**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants	**On-going Yes/No**	**Rate *1**	**Hours**	**$**	**$**	**$**
Requirements Gathering		75	17	1,275	-	-
Analysis		75	17	1,275	-	-
Design		75	17	1,275	-	-
Development		75	168	12,600	-	-
Test		75	50	3,750	-	-
Implementation		75	7	525	-	-
Project Management *2		75	22.08	1,656	-	-
On-going support		75		-	-	-
Section Total IT Consultants:		75	298.08	22,356	-	-
Section Total Expenditures:				22,356	-	-
General Revenue				22,356		-
Federal					-	-
Other						
Section Funding: *3				22,356	-	-
2. Does this proposal duplicate any other program?						
No						
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)						
This bill impacts the Online Address Change website to collect change of addresses by citizens.						
8b. Explanation of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.						
Language in the IP is already being implemented in a rewrite of the online address change website process.						

The department also provided the following comments:

Section 5 (2)
For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Section 27
The Department assumes this minimum age applies to the file transfer to Secretary of State and will not change current voter registration application provisions which limit completion of an application to persons age 17 ½ years of age or older with a certification that they will be 18 years of age on or before election date.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they assume no fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact,

as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting five new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day. The Secretary of State and all local election authorities shall make available a list of all voters who cast absentee ballots.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal provides that the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. If the provisional ballot contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

The proposal provides that an individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote. Such individuals are prohibited from casting a ballot until they meet all voter eligibility requirements.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Additionally, this petition requires local election authorities to maintain office hours for two hours earlier and two hours later than their normal business hours for six days prior to an election (while the wording is ambiguous, their assumption is that this refers to normal business days). This increase would require additional staffing costs for the equivalent of 696 judge-days statewide (two judges for the equivalent of 3 days in 116 jurisdictions). Again assuming an average payment of $125 per judge-day, this would amount to $87,000 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated:

The following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **18.7%** of the population is under **16** years old, which accounts for **54,515** residents. They have on average **190,000** registered voters, of which about **30,000** (**16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
PTH = Part-time Hire
AP = Annual Pay

291,923 R's – 50,415 R's under **16 yrs** = **241,508 R's 16 yrs** or older

241,508 R's 16 yrs or older – **190,000 RV's = 51,508 PV's**

51,508 PV's x .50 MC = $20,000 + fees **= $25,754**

51,508 PV x 1.06 CPC2P = $54,598.48

If they have approximately **51,508 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$25,754 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$54,598.48** to the cost when it is multiplied by the estimated **51,508** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** and **1 PTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost per **FTH** will be **$24,689.60** per hire for their annual pay and **$12,026.90** annual pay for the **PTH**. The total annual cost for two fulltime hires will be **$49,379.20.**

51,508 PV's x .50 MC	**= $25,754**
51,508 PV x 1.06 CPC2	**= $54,598.48**
2 FTH x $24,689.60 AP	= **$49,379.20**
1 PTH x $12,026.90 AP	**= $12,026.90**
Total:	= **$141,758.58**

The total estimated initial cost for Greene County for **IP 20-076** proposing to amend Article VIII, version 5, will cost Greene County **$141,758.58** with a minimum ongoing cost of **$61,406.10** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from the **City of Kansas City** indicated this has no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they see no specific fiscal impact on their school from this initiative petition other than how the cost of it may be reflected in the state's ability to fully fund public schools state-wide.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $47,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend and 16 hours on the weekdays, and at a rate of $5,000 per every 8 hours, this would cost $17,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic

registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Platte County Election Board** indicated they anticipate that this change would increase election costs by $3,000 per election to cover the additional absentee voting time.

Officials from the **State Auditor's office** indicated this proposal should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

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[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $756,000 in one-time costs, $61,000 in annual costs, and $181,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 17, 2019

RECEIVED
JUN 17 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, Version 4 (2020-075)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on June 14, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

20-075

INITIATIVE PETITION

RECEIVED
2019 JUN 14 PM 3:08

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary _____

Address of Notary _____

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services, and the department of conservation to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election, except that the location shall be open for two hours before and two hours after regularly scheduled business hours during each of the six days before election day.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive a mail-in absentee ballot.

(6) Mail-in absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7)Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Notwithstanding any other provision of law to the contrary, the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. Provisional ballots, regardless of type, shall be counted as provided herein.

(1) If the provisional ballot cast by the voter contains the same candidates and measures on which the voter would have been entitled to vote in his or her assigned precinct, the ballot shall be counted.

(2) If the provisional ballot cast by the voter contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

Section 27. An individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote as provided herein.

(1) Such individuals shall be pre-registered pursuant to the registration process in Section 5 of this Article; or

(2) Such individuals may choose to register pursuant to any other registration procedure available under general election law.

2. Such individuals are prohibited from casting a ballot until they meet all voter eligibility requirements.

Section 28. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-075)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received June 17, 2019)

Date

July 8, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition has no impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $34,072 for fiscal year (FY) 2021 for salary cots and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, Department of Corrections, and other state agencies as described in Section 5 (4) are also affected by this proposal.

OA-ITSD cost estimate equals 298.08 hours x $75 = $22,356

Fiscal Note	IP 20-075		ITSD - DOR		
Bill Number	IP 20-075				
Will a new system be required?			Yes _	X	No
Indicate fiscal year when fully implemented			FY	2021	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2021**	**FY 2022**	**FY 2023**
General Revenue			22,356	-	-
Other			-	-	-
Federal Funds			-	-	-
Total			22,356	-	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	5.2				
			FY 2021	FY 2022	FY 2023
DMVC/MyDMV	Rate	Hours	$	$	$
IT Consultants	75	298.08	22,356	-	-
Section Total Expenditures:			22,356	-	-
Section Funding:	General Revenue		22,356	-	-
	Federal		-	-	-
	Other		-	-	-
		Total	22,356	-	-

Section 5 (2)

The proposed constitutional amendment petition language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who,

based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- Coordinate with OA-ITSD to develop a data pull process for defining records for submission to Secretary of State.
- Coordinate with OA-ITSD to develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.
- Implement MEDL changes to the signature collection and certification processes for all transactions to include updates related to automatic voter registration.
- Implement modifications to license verification statement or generated money receipt or temporary driving privilege document to include additional information related to automatic voter registration.

Section 27

An individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote as provided herein.

(1) Such individuals shall be pre-registered pursuant to the registration process in Section 5 of this Article.

The Department would be required to:

- Develop file generation edits to ensure driver license, nondriver license, and permit applicants age 16 and over are included in the new weekly file sent to the Secretary of State.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021

Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021

Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager –	40 hrs. x $20.59 per hr. =	$ 824.00
		Total = $11,716

OA-ITSD Impact

ITSD - DOR						
Bill Number	IP 20-075	FN #	IP 20-075			
Bill Section(s)	5.2					
Application Name:	DMVC/MyDMV			**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants	**On-going Yes/No**	**Rate *1**	**Hours**	**$**	**$**	**$**
Requirements Gathering		75	17	1,275	-	-
Analysis		75	17	1,275	-	-
Design		75	17	1,275	-	-
Development		75	168	12,600	-	-
Test		75	50	3,750	-	-
Implementation		75	7	525	-	-
Project Management *2		75	22.08	1,656	-	-
On-going support		75		-	-	-
Section Total IT Consultants:		75	298.08	22,356	-	-
Section Total Expenditures:				22,356	-	-
General Revenue				22,356		-
Federal					-	-
Other						
Section Funding: *3				22,356	-	-
2. Does this proposal duplicate any other program?						
No						
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)						
This bill impacts the Online Address Change website to collect change of addresses by citizens.						
8b. Explanation of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.						
Language in the IP is already being implemented in a rewrite of the online address change website process.						

The department also provided the following comments:

Section 5 (2)
For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Section 27
The Department assumes this minimum age applies to the file transfer to Secretary of State and will not change current voter registration application provisions which limit completion of an application to persons age 17 ½ years of age or older with a certification that they will be 18 years of age on or before election date.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they assume no fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact,

as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting five new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day. The Secretary of State and all local election authorities shall make available a list of all voters who cast absentee ballots.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal provides that the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. If the provisional ballot contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

The proposal provides that an individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote. Such individuals are prohibited from casting a ballot until they meet all voter eligibility requirements.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Additionally, this petition requires local election authorities to maintain office hours for two hours earlier and two hours later than their normal business hours for six days prior to an election (while the wording is ambiguous, their assumption is that this refers to normal business days). This increase would require additional staffing costs for the equivalent of 696 judge-days statewide (two judges for the equivalent of 3 days in 116 jurisdictions). Again assuming an average payment of $125 per judge-day, this would amount to $87,000 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated:

The following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **18.7%** of the population is under **16** years old, which accounts for **54,515** residents. They have on average **190,000** registered voters, of which about **30,000** (**16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
PTH = Part-time Hire
AP = Annual Pay

291,923 R's – **50,415 R's** under **16 yrs** = **241,508 R's 16 yrs** or older

241,508 R's 16 yrs or older – **190,000 RV's = 51,508 PV's**

51,508 PV's x .50 MC = $20,000 + fees **= $25,754**

51,508 PV x 1.06 CPC2P = $54,598.48

If they have approximately **51,508 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$25,754 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$54,598.48** to the cost when it is multiplied by the estimated **51,508** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** and **1 PTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost per **FTH** will be **$24,689.60** per hire for their annual pay and **$12,026.90** annual pay for the **PTH**. The total annual cost for two fulltime hires will be **$49,379.20.**

51,508 PV's x .50 MC	**= $25,754**
51,508 PV x 1.06 CPC2	**= $54,598.48**
2 FTH x $24,689.60 AP	= **$49,379.20**
1 PTH x $12,026.90 AP	**= $12,026.90**
Total:	= **$141,758.58**

The total estimated initial cost for Greene County for **IP 20-075** proposing to amend Article VIII, version 4, will cost Greene County **$141,758.58** with a minimum ongoing cost of **$61,406.10** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from the **City of Kansas City** indicated this has no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they see no specific fiscal impact on their school from this initiative petition other than how the cost of it may be reflected in the state's ability to fully fund public schools state-wide.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $47,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend and 16 hours on the weekdays, and at a rate of $5,000 per every 8 hours, this would cost $17,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic

registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Platte County Election Board** indicated they anticipate that this change would increase election costs by $3,000 per election to cover the additional absentee voting time.

Officials from the **State Auditor's office** indicated this proposal should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

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[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $756,000 in one-time costs, $61,000 in annual costs, and $181,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 17, 2019

RECEIVED
JUN 17 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, Version 3 (2020-074)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on June 14, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

20-074

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

INITIATIVE PETITION

RECEIVED
2019 JUN 14 PM 3:06

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary _____

Address of Notary _____

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services, and the department of conservation to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election, except that the location shall be open for two hours before and two hours after regularly scheduled business hours during each of the six days before election day.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive a mail-in absentee ballot.

(6) Mail-in absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7)Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Notwithstanding any other provision of law to the contrary, the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. Provisional ballots, regardless of type, shall be counted as provided herein.

(1) If the provisional ballot cast by the voter contains the same candidates and measures on which the voter would have been entitled to vote in his or her assigned precinct, the ballot shall be counted.

(2) If the provisional ballot cast by the voter contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

Section 27. An individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote as provided herein.

(1) Such individuals shall be pre-registered pursuant to the registration process in Section 5 of this Article; or

(2) Such individuals may choose to register pursuant to any other registration procedure available under general election law.

2. Such individuals are prohibited from casting a ballot until they meet all voter eligibility requirements.

Section 28. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-074)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received June 17, 2019)

Date

July 8, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition has no impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $34,072 for fiscal year (FY) 2021 for salary cots and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, Department of Corrections, and other state agencies as described in Section 5 (4) are also affected by this proposal.

OA-ITSD cost estimate equals 298.08 hours x $75 = $22,356

Fiscal Note	IP 20-074		ITSD - DOR		
Bill Number	IP 20-074				
Will a new system be required?			Yes	X	No
Indicate fiscal year when fully implemented			FY	2021	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2021**	**FY 2022**	**FY 2023**
General Revenue			22,356	-	-
Other			-	-	-
Federal Funds			-	-	-
Total			22,356	-	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	5.2				
			FY 2021	FY 2022	FY 2023
DMVC/MyDMV	Rate	Hours	$	$	$
IT Consultants	75	298.08	22,356	-	-
Section Total Expenditures:			22,356	-	-
Section Funding:	General Revenue		22,356	-	-
	Federal		-	-	-
	Other		-	-	-
		Total	22,356	-	-

Section 5 (2)

The proposed constitutional amendment petition language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who,

based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- Coordinate with OA-ITSD to develop a data pull process for defining records for submission to Secretary of State.
- Coordinate with OA-ITSD to develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.
- Implement MEDL changes to the signature collection and certification processes for all transactions to include updates related to automatic voter registration.
- Implement modifications to license verification statement or generated money receipt or temporary driving privilege document to include additional information related to automatic voter registration.

Section 27

An individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote as provided herein.

(1) Such individuals shall be pre-registered pursuant to the registration process in Section 5 of this Article.

The Department would be required to:

- Develop file generation edits to ensure driver license, nondriver license, and permit applicants age 16 and over are included in the new weekly file sent to the Secretary of State.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021

Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021

Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager –	40 hrs. x $20.59 per hr. =	$ 824.00
		Total = $11,716

OA-ITSD Impact

ITSD - DOR						
Bill Number	IP 20-074	FN #	IP 20-074			
Bill Section(s)	5.2					
Application Name:	DMVC/MyDMV			**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants	**On-going Yes/No**	**Rate *1**	**Hours**	**$**	**$**	**$**
Requirements Gathering		75	17	1,275	-	-
Analysis		75	17	1,275	-	-
Design		75	17	1,275	-	-
Development		75	168	12,600	-	-
Test		75	50	3,750	-	-
Implementation		75	7	525	-	-
Project Management *2		75	22.08	1,656	-	-
On-going support		75		-	-	-
Section Total IT Consultants:		75	298.08	22,356	-	-
Section Total Expenditures:				22,356	-	-
General Revenue				22,356		-
Federal					-	-
Other						
Section Funding: *3				22,356	-	-
2. Does this proposal duplicate any other program?						
No						
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)						
This bill impacts the Online Address Change website to collect change of addresses by citizens.						
8b. Explanation of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.						
Language in the IP is already being implemented in a rewrite of the online address change website process.						

The department also provided the following comments:

Section 5 (2)
For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Section 27
The Department assumes this minimum age applies to the file transfer to Secretary of State and will not change current voter registration application provisions which limit completion of an application to persons age 17 ½ years of age or older with a certification that they will be 18 years of age on or before election date.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they assume no fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact,

as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting five new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day. The Secretary of State and all local election authorities shall make available a list of all voters who cast absentee ballots.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal provides that the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. If the provisional ballot contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

The proposal provides that an individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote. Such individuals are prohibited from casting a ballot until they meet all voter eligibility requirements.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Additionally, this petition requires local election authorities to maintain office hours for two hours earlier and two hours later than their normal business hours for six days prior to an election (while the wording is ambiguous, their assumption is that this refers to normal business days). This increase would require additional staffing costs for the equivalent of 696 judge-days statewide (two judges for the equivalent of 3 days in 116 jurisdictions). Again assuming an average payment of $125 per judge-day, this would amount to $87,000 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated:

The following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **18.7%** of the population is under **16** years old, which accounts for **54,515** residents. They have on average **190,000** registered voters, of which about **30,000** (**16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
PTH = Part-time Hire
AP = Annual Pay

291,923 R's – 50,415 R's under **16 yrs** = **241,508 R's 16 yrs** or older

241,508 R's 16 yrs or older – **190,000 RV's = 51,508 PV's**

51,508 PV's x .50 MC = $20,000 + fees **= $25,754**

51,508 PV x 1.06 CPC2P = $54,598.48

If they have approximately **51,508 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$25,754 MC**. How will that cost be delineated in subsequent mailings is very hard to predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$54,598.48** to the cost when it is multiplied by the estimated **51,508** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** and **1 PTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost per **FTH** will be **$24,689.60** per hire for their annual pay and **$12,026.90** annual pay for the **PTH**. The total annual cost for two fulltime hires will be **$49,379.20.**

51,508 PV's x .50 MC	**= $25,754**
51,508 PV x 1.06 CPC2	**= $54,598.48**
2 FTH x $24,689.60 AP	= **$49,379.20**
1 PTH x $12,026.90 AP	**= $12,026.90**
Total:	= **$141,758.58**

The total estimated initial cost for Greene County for **IP 20-074** proposing to amend Article VIII, version 3, will cost Greene County **$141,758.58** with a minimum ongoing cost of **$61,406.10** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from the **City of Kansas City** indicated this has no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they see no specific fiscal impact on their school from this initiative petition other than how the cost of it may be reflected in the state's ability to fully fund public schools state-wide.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $47,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend and 16 hours on the weekdays, and at a rate of $5,000 per every 8 hours, this would cost $17,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic

registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Platte County Election Board** indicated they anticipate that this change would increase election costs by $3,000 per election to cover the additional absentee voting time.

Officials from the **State Auditor's office** indicated this proposal should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

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[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $756,000 in one-time costs, $61,000 in annual costs, and $181,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 17, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
JUN 17 2019
STATE AUDITORS OFFICE

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, Version 2 (2020-073)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on June 14, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

20-073

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

Page No: _____

RECEIVED
2019 JUN 14 PM 3:05

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	FIRST NAME (Printed or Typed)	MIDDLE NAME (Printed or Typed)	LAST NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Signature of Notary _____

Address of Notary _____

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services, the department of conservation, and the department of corrections to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be

removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive a mail-in absentee ballot.

(6) Mail-in absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7)Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Notwithstanding any other provision of law to the contrary, the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. Provisional ballots, regardless of type, shall be counted as provided herein.

(1) If the provisional ballot cast by the voter contains the same candidates and measures on which the voter would have been entitled to vote in his or her assigned precinct, the ballot shall be counted.

(2) If the provisional ballot cast by the voter contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

Section 27. An individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote as provided herein.

(1) Such individuals shall be pre-registered pursuant to the registration process in Section 5 of this Article; or

(2) Such individuals may choose to register pursuant to any other registration procedure available under general election law.

2. Such individuals are prohibited from casting a ballot until they meet all voter eligibility requirements.

Section 28. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-073)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received June 17, 2019)

Date

July 8, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition has no impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact. Based on their interpretation of this legislation, their department would be required to provide a list of citizens who are eligible to vote to the Secretary of State upon request. Their response of "no impact" is based on this assumption. Should their interpretation be incorrect and the legislation would require their department to actively track, manage, or report information, a fiscal impact to their department is possible.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $34,072 for fiscal year (FY) 2021 for salary cots and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, Department of Corrections, and other state agencies as described in Section 5 (4) are also affected by this proposal.

OA-ITSD cost estimate equals 298.08 hours x $75 = $22,356

Fiscal Note	IP 20-073		ITSD - DOR		
Bill Number	IP 20-073				
Will a new system be required?			Yes	X	No
Indicate fiscal year when fully implemented			FY 2021		
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2021**	**FY 2022**	**FY 2023**
General Revenue			22,356	-	-
Other			-	-	-
Federal Funds			-	-	-
Total			22,356	-	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	5.2				
			FY 2021	FY 2022	FY 2023
DMVC/MyDMV	Rate	Hours	$	$	$
IT Consultants	75	298.08	22,356	-	-
Section Total Expenditures:			22,356	-	-
Section Funding:	General Revenue		22,356	-	-
	Federal		-	-	-
	Other		-	-	-
		Total	22,356	-	-

Section 5 (2)

The proposed constitutional amendment petition language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote

in the State of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- Coordinate with OA-ITSD to develop a data pull process for defining records for submission to Secretary of State.
- Coordinate with OA-ITSD to develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.
- Implement MEDL changes to the signature collection and certification processes for all transactions to include updates related to automatic voter registration.
- Implement modifications to license verification statement or generated money receipt or temporary driving privilege document to include additional information related to automatic voter registration.

Section 27

An individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote as provided herein.

(1) Such individuals shall be pre-registered pursuant to the registration process in Section 5 of this Article.

The Department would be required to:

- Develop file generation edits to ensure driver license, nondriver license, and permit applicants age 16 and over are included in the new weekly file sent to the Secretary of State.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021

Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021

Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager –	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,716

OA-ITSD Impact

ITSD - DOR						
Bill Number	IP 20-073	FN #	IP 20-073			
Bill Section(s)	5.2					
Application Name:	DMVC/MyDMV			**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants	**On-going Yes/No**	**Rate *1**	**Hours**	**$**	**$**	**$**
Requirements Gathering		75	17	1,275	-	-
Analysis		75	17	1,275	-	-
Design		75	17	1,275	-	-
Development		75	168	12,600	-	-
Test		75	50	3,750	-	-
Implementation		75	7	525	-	-
Project Management *2		75	22.08	1,656	-	-
On-going support		75		-	-	-
Section Total IT Consultants:		75	298.08	22,356	-	-
Section Total Expenditures:				22,356	-	-
General Revenue				22,356		-
Federal					-	-
Other						
Section Funding: *3				22,356	-	-
2. Does this proposal duplicate any other program?						
No						
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)						
This bill impacts the Online Address Change website to collect change of addresses by citizens.						
8b. Explanation of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.						
Language in the IP is already being implemented in a rewrite of the online address change website process.						

The department also provided the following comments:

Section 5 (2)
For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Section 27
The Department assumes this minimum age applies to the file transfer to Secretary of State and will not change current voter registration application provisions which limit completion of an application to persons age 17 ½ years of age or older with a certification that they will be 18 years of age on or before election date.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they assume no fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact,

as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting five new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day. The Secretary of State and all local election authorities shall make available a list of all voters who cast absentee ballots.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal provides that the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. If the provisional ballot contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

The proposal provides that an individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote. Such individuals are prohibited from casting a ballot until they meet all voter eligibility requirements.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated:

The following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **18.7%** of the population is under **16** years old, which accounts for **54,515** residents. They have on average **190,000** registered voters, of which about **30,000** (**16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
PTH = Part-time Hire
AP = Annual Pay

291,923 R's – **50,415 R's** under **16 yrs** = **241,508 R's 16 yrs** or older

241,508 R's 16 yrs or older – **190,000 RV's = 51,508 PV's**

51,508 PV's x .50 MC = $20,000 + fees **= $25,754**

51,508 PV x 1.06 CPC2P = $54,598.48

If they have approximately **51,508 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$25,754 MC**. How will that cost be delineated in subsequent mailings is very hard to

predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$54,598.48** to the cost when it is multiplied by the estimated **51,508** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** and **1 PTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost per **FTH** will be **$24,689.60** per hire for their annual pay and **$12,026.90** annual pay for the **PTH**. The total annual cost for two fulltime hires will be **$49,379.20.**

51,508 PV's x .50 MC	**= $25,754**
51,508 PV x 1.06 CPC2	**= $54,598.48**
2 FTH x $24,689.60 AP	= **$49,379.20**
1 PTH x $12,026.90 AP	**= $12,026.90**
Total:	= **$141,758.58**

The total estimated initial cost for Greene County for **IP 20-073** proposing to amend Article VIII, version 2, will cost Greene County **$141,758.58** with a minimum ongoing cost of **$61,406.10** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from the **City of Kansas City** indicated this has no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they see no specific fiscal impact on their school from this initiative petition other than how the cost of it may be reflected in the state's ability to fully fund public schools state-wide.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $37,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend, and at a rate of $5,000 per every 8 hours, this would cost $7,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Platte County Election Board** indicated they anticipate that this change would increase election costs by $3,000 per election to cover the additional absentee voting time.

Officials from the **State Auditor's office** indicated this proposal should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

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[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $756,000 in one-time costs, $61,000 in annual costs, and $84,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 17, 2019

RECEIVED
JUN 17 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mary Anne Sedey regarding a proposed constitutional amendment to Article VIII, Version 1 (2020-072)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mary Anne Sedey on June 14, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

County: _____

20-072

INITIATIVE PETITION

RECEIVED
2019 JUN 14 PM 3:03

Page No: _____

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I,_____ being first duly sworn, say (print names of signers)

NAME (Signature)	DATE Signed	REGISTERED VOTING ADDRESS (Number)(Street), (City, Town Or Village)	ZIP CODE	CONG. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County (or city of St. Louis). FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer: _____

Signature of Affiant (Person obtaining signatures) _____

Printed Name of Affiant _____

Street Address of Affiant _____

City, State and Zip Code of Affiant _____

Subscribed and sworn to before me this _____ day of _____, A.D.

Signature of Notary _____

Address of Notary _____

(Seal)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal, or modify by implication, the following Sections of the Missouri Revised Statutes: Sections 115.003 through 115.960. The proposed amendment revises Article VIII of the Constitution by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article VIII of the Constitution is revised by amending Sections 5 and 7, and adopting five new sections to be known as Article VIII, Sections 24, 25, 26, 27, and 28 to read as follows:

Section 5. Registration of voters [may be provided for by law] shall occur as specified herein. All laws governing registration shall be interpreted liberally to ensure, to the extent possible, that all eligible citizens be allowed to register to vote and to vote.

(1) The secretary of state shall establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information.

(2) The department of revenue shall, on at least a weekly basis, provide the secretary of state with a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver's license or state issued nondriver's license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote in the State of Missouri. Such list shall contain any information required to register to vote under applicable law, and any available electronic signature information.

(3) The secretary of state shall designate the department of social services, the department of conservation, and the department of corrections to serve as sources for lists of citizens who are eligible to vote, any available electronic signature information, and any other information required to register to vote under applicable law.

(4) The secretary of state shall designate additional state agencies including:

(a) all agencies that have current data on citizenship, residency, and age of individuals;

(b) any agency that does or could provide applicants with the opportunity to affirm voter eligibility criteria as part of their agency transaction;

(c) any agency that has records of eligible citizens who would not otherwise be registered to vote; and

(d) any agency that is required to offer voter registration services under any other provision of law, including but not limited to Section 7 of the National Voter Registration Act, as amended.

(5) Based on the lists received under this section, the secretary of state shall provide lists of citizens who are presumptively eligible to vote to local election authorities. These lists shall be sent to local election authorities as often as required by law, but at least every thirty days, and fourteen days prior to any election. These lists shall include the names of presumptively eligible voters, the information required to determine whether an individual is eligible to vote, and any available electronic signature information. The local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for determining whether an individual is eligible to vote. Local election authorities shall retain full jurisdiction and power to decline to register individuals not verified to be eligible to vote, and in accordance with applicable state and federal law, may remove the names of individuals who are no longer eligible to vote from voter registration lists.

(6) Regardless of the amount of time it takes to process the registration, an individual shall be deemed registered to vote on the day the local election authority receives the information from the secretary of state provided that such individual is later determined eligible to vote by the local election authority. Within seven business days of the local election authority receiving an individual's information from the secretary of state, the local election authority shall update its list of eligible voters and send notice of automatic registration to newly registered voters and provide the opportunity to decline registration. Such notice may be sent in the same manner and at the same time as voter identification cards or other communication required by law. If, after a period of thirty days, the notice declining registration is not returned to the local election authority, the individual's name shall remain on the voter registration list. Any time an individual declines registration the individual's name shall be

removed from the voter registration list. This subsection shall not be construed to prevent removal from voter registration lists by any other method allowed under state and federal law.

(7) The provisions of this section shall not be interpreted to invalidate any other method for voter registration.

(8) No individual who does not meet the legal criteria to be eligible to vote shall be considered to have caused a false or fictitious voter registration, if the record and signature of such individual is transmitted by the secretary of state to a local election authority pursuant to this section without the individual's affirmative consent. If such an individual is added to the voter registration list, the individual shall not be subject to any penalty under law. Upon determining such individual is not eligible to vote, the local election authority shall remove the individual from the voter registration list.

2. In order to vote in any election for which registration is required, the deadline for a person to be registered to vote in the jurisdiction of his or her residence shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters as defined by general election law. Intrastate voters may vote in their new jurisdiction if they are registered to vote in the State of Missouri.

3. Nothing in this section shall be interpreted to conflict with the Voting Rights Act of 1965, The National Voter Registration Act of 1993, The Help America Vote Act of 2002, or any other applicable federal law or regulation.

Section 7. All qualified [electors] voters of the state [who are absent, whether within or without the state,] may [be enabled by general law to] vote by absentee ballot without providing a reason at all elections by the people either in person or by mail starting forty-two days before an election. For the purposes of this section, the early voting period shall be the period when eligible voters may cast an absentee ballot in person. Procedures for voting by absentee ballot shall be the same as provided in general election law, except as provided herein.

(1) Voters who choose to vote by absentee ballot shall have the option to receive the absentee ballot in the mail or to vote in person using an absentee ballot during the early voting period. Voters who receive an absentee ballot in the mail shall be allowed to return their completed ballot and envelope by mail, or by dropping it off at any officially designated voting location during the early voting period or on election day. The local election authority may also provide additional options for returning or casting absentee ballots. Nothing in this section shall be construed to prevent a person who has received a ballot in the mail but has not returned a completed ballot from casting a regular or provisional ballot in person during the early voting period or on election day.

(2) Each local election authority shall make one or more locations available to issue absentee ballots and to receive completed absentee ballots during the early voting period. Any such designated location shall be open during the local election authority's regularly scheduled business hours and for at least eight hours on the Saturday and eight hours on the Sunday immediately prior to the election.

(3) Local election authorities may make absentee ballots available for voting in person during the early voting period at additional times and places beyond what is designated in subsection (2).

(4) Notwithstanding any other provision of law to the contrary, voters who cast an absentee ballot by mail shall be required to attest to and sign, whether by signature or mark, the following statement:

> I state under penalty of perjury that I am an eligible voter; that my signature and name are as shown on this envelope; that I will not cast more than one vote in this election; and that my ballot is enclosed in accordance with the provisions of the constitution and laws of this state.

However, there shall be no requirement that such signature be notarized or sworn to before the election official receiving the ballot, a notary public, other officer authorized by law to administer oaths, or any other witness.

(5) All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An opportunity to sign up to permanently receive absentee ballots shall be provided, at a minimum, on the application for voter registration, via electronic means, and on the application to receive a mail-in absentee ballot.

(6) Mail-in absentee ballots postmarked or bearing an intelligent mail barcode traceable to a date of entry into the federal mail system on or before the day before election day shall be counted by the local election authority.

(7)Notwithstanding any other provision of law to the contrary, if an absentee ballot envelope is found to have a deficiency, the local election authority shall immediately notify the voter and shall allow the voter an opportunity to cure the deficiency at any time, but no later than seven days after the election. Notification to a voter shall first be attempted by phone or email, if the local election authority has such information, and then by first class mail.

(8) The secretary of state and all local election authorities shall make available a list of all voters who cast ballots under this section or Article VIII, section 24 of this Constitution. Such list shall include voter information that is a matter of public record. This list shall be provided in the same manner required by general election law.

Section 24. An absentee ballot of an overseas or uniformed services voter, as defined by general election law, shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the local election authority within seven days of election day.

Section 25. The secretary of state in conjunction with the state auditor shall provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

Section 26. Notwithstanding any other provision of law to the contrary, the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. Provisional ballots, regardless of type, shall be counted as provided herein.

(1) If the provisional ballot cast by the voter contains the same candidates and measures on which the voter would have been entitled to vote in his or her assigned precinct, the ballot shall be counted.

(2) If the provisional ballot cast by the voter contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

Section 27. An individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote as provided herein.

(1) Such individuals shall be pre-registered pursuant to the registration process in Section 5 of this Article; or

(2) Such individuals may choose to register pursuant to any other registration procedure available under general election law.

2. Such individuals are prohibited from casting a ballot until they meet all voter eligibility requirements.

Section 28. All provisions of this Act are severable. If any portion, clause, or phrase of this Act is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, the remaining portions, clauses, and phrases shall not be affected, but shall remain in full force and effect.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-072)

Subject

Initiative petition from Mary Ann Sedey regarding a proposed constitutional amendment to Article VIII. (Received June 17, 2019)

Date

July 8, 2019

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** and the **State Auditor's office.**

Andrew Bergerson and Jared Wight provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition has no impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact. Based on their interpretation of this legislation, their department would be required to provide a list of citizens who are eligible to vote to the Secretary of State upon request. Their response of "no impact" is based on this assumption. Should their interpretation be incorrect and the legislation would require their department to actively track, manage, or report information, a fiscal impact to their department is possible.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition would cause increased operating costs in the General Revenue Fund of $34,072 for fiscal year (FY) 2021 for salary cots and Office of Administration - Information Technology Services Division (OA)-ITSD costs.

The Department of Social Services, Department of Conservation, Department of Corrections, and other state agencies as described in Section 5 (4) are also affected by this proposal.

OA-ITSD cost estimate equals 298.08 hours x $75 = $22,356

Fiscal Note	IP 20-072		ITSD - DOR		
Bill Number	IP 20-072				
Will a new system be required?			Yes	X	No
Indicate fiscal year when fully implemented			FY 2021		
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2021**	**FY 2022**	**FY 2023**
General Revenue			22,356	-	-
Other			-	-	-
Federal Funds			-	-	-
Total			22,356	-	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	5.2				
			FY 2021	FY 2022	FY 2023
DMVC/MyDMV	Rate	Hours	$	$	$
IT Consultants	75	298.08	22,356	-	-
Section Total Expenditures:			22,356	-	-
Section Funding:	General Revenue		22,356	-	-
	Federal		-	-	-
	Other		-	-	-
		Total	22,356	-	-

Section 5 (2)

The proposed constitutional amendment petition language requires the Department to provide, on at least a weekly basis, a list of eligible citizens who have applied for, applied to renew, or changed the address related to a driver license or nondriver license, are citizens of the United States, residents of Missouri, and meet the legal criteria to be eligible to vote

in the State of Missouri. Such list shall contain any information required to register to vote and any available electronic signature information.

The Department assumes they will provide a regularly scheduled file of all driver license, nondriver license, and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

The "necessary" information is not defined, however the Department assumes that it will be required to send name, date of birth, address, at a minimum the last 4 digits of the social security number, and a copy of the applicant's signature for final voter registration processing.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- Coordinate with OA-ITSD to develop a data pull process for defining records for submission to Secretary of State.
- Coordinate with OA-ITSD to develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not currently required in this process.
- Implement MEDL changes to the signature collection and certification processes for all transactions to include updates related to automatic voter registration.
- Implement modifications to license verification statement or generated money receipt or temporary driving privilege document to include additional information related to automatic voter registration.

Section 27

An individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote as provided herein.

(1) Such individuals shall be pre-registered pursuant to the registration process in Section 5 of this Article.

The Department would be required to:

- Develop file generation edits to ensure driver license, nondriver license, and permit applicants age 16 and over are included in the new weekly file sent to the Secretary of State.

Administrative Impact

To implement provisions of Section 5 (2) the administrative cost may be estimated as:

Personnel Services Bureau FY 2021

Update Webpage - Administrative Analyst III 10 hrs. x $19.80 = $198.00

Driver License Bureau FY 2021

Requirements development and testing:

Administrative Analyst II –	240 hrs. x $17.13 per hr. =	$4,111.20
Management Analyst Spec. II –	320 hrs. x $20.57 per hr. =	$6,582.40
Revenue Manager –	40 hrs. x $20.59 per hr. =	$ 824.00

Total = $11,716

OA-ITSD Impact

ITSD - DOR						
Bill Number	IP 20-072	FN #	IP 20-072			
Bill Section(s)	5.2					
Application Name:	DMVC/MyDMV			**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants	**On-going Yes/No**	**Rate *1**	**Hours**	**$**	**$**	**$**
Requirements Gathering		75	17	1,275	-	-
Analysis		75	17	1,275	-	-
Design		75	17	1,275	-	-
Development		75	168	12,600	-	-
Test		75	50	3,750	-	-
Implementation		75	7	525	-	-
Project Management *2		75	22.08	1,656	-	-
On-going support		75		-	-	-
Section Total IT Consultants:		75	298.08	22,356	-	-
Section Total Expenditures:				22,356	-	-
General Revenue				22,356		-
Federal					-	-
Other						
Section Funding: *3				22,356	-	-
2. Does this proposal duplicate any other program?						
No						
8a. Provide narrative on how this bill would affect anything IT related. (program expansion, new program, consolidation, etc.)						
This bill impacts the Online Address Change website to collect change of addresses by citizens.						
8b. Explanation of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.						
Language in the IP is already being implemented in a rewrite of the online address change website process.						

The department also provided the following comments:

Section 5 (2)
For purpose of this fiscal note the Department assumes that they will apply the same requirements related to automatic voter registration specified for new and renewal applicants to individuals applying for a duplicate, reprint or replica driver license, nondriver license, instruction permit, or commercial learners permit. If it is not the sponsor's intent to include duplicate transactions, the Department recommends the sponsor amend the language to specifically prohibit.

The Department assumes it is not the sponsor's intent to forward record updates derived from other mailing address updates sources such as National Change of Address files, courts or documentation received from sources other than the applicant.

The proposed language will require the Department to amend the current data files posted to the Secretary of State or develop a new file specific to automatic voter registration to include the digital image of the signature when the application or request for update included collection of the individual's signature.

The requirement to submit a copy of the individual's signature will require the Department to amend current programs for on-line requests for change of mailing address since identity verification and signature collection are not required in this process.

Section 27
The Department assumes this minimum age applies to the file transfer to Secretary of State and will not change current voter registration application provisions which limit completion of an application to persons age 17 ½ years of age or older with a certification that they will be 18 years of age on or before election date.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they assume no fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation/Missouri Highways and Transportation Commission** indicated this initiative petition will have no fiscal impact,

as Article IV, Section 30(b) of the Missouri Constitution limits the use of state revenue derived from highway users (SRHU). Registering citizens to vote does not relate to the design, construction, maintenance, and operation of the state highway system.

Officials from the **Office of Administration** indicated this proposal amends Article VIII of the Constitution of Missouri by amending Sections 5 and 7 and adopting five new sections.

This proposal requires the Secretary of State to establish a process to conduct automatic voter registration based on driver's license information and state issued nondriver's license information. Applicable state agencies shall provide to the Secretary of State lists of citizens eligible to vote, any available electronic signature information, and any other information required to register to vote. The Secretary of State shall provide lists of citizens who are presumptively eligible to vote to local election authorities. Local election authorities shall include such presumptively eligible voters on voter registration lists subject to existing verification procedures for voter eligibility. Individuals automatically registered to vote shall be provided an opportunity to decline registration. Individuals automatically registered to vote who are not eligible to vote shall not be subject to any penalty, and the local election authority shall remove any such individuals from the voter registration list. The deadline for voter registration shall be no earlier than 5:00 p.m. on the second Tuesday prior to the election, except with regard to covered voters and intrastate voters. Intrastate voters may vote in their new jurisdiction if they are registered to vote in Missouri.

This proposal provides that all qualified voters of the state may vote by absentee ballot without providing a reason either in person or by mail starting 42 days before an election and specifies how local election authorities are to administer absentee ballots. All qualified voters of the state shall be provided the opportunity to request to permanently receive mail-in absentee ballots in the mail for all future elections. An absentee ballot of an overseas or uniformed services voter shall be counted by the local election authority so long as the ballot is dated on or before election day and received by the election authority within 7 days of election day. The Secretary of State and all local election authorities shall make available a list of all voters who cast absentee ballots.

This proposal requires the Secretary of State in conjunction with the State Auditor to provide a recommendation to local election authorities for the best method to conduct a risk-limiting audit of election returns. Each local election authority shall adopt a method of risk-limiting audit for auditing election returns.

This proposal provides that the provisional ballot, regardless of type, of a voter who is otherwise entitled to vote shall be accepted as long as the precinct at which the voter cast a ballot is within the jurisdiction of the same local election authority as the precinct to which the voter was assigned by an elections official. If the provisional ballot contains candidates or measures on which the voter would not have been entitled to vote in his or her assigned precinct, the elections official shall count only the votes for the candidates and measures on which the voter was entitled to vote in his or her assigned precinct.

The proposal provides that an individual who is at least 16 years old and otherwise meets all eligibility requirements to vote shall be pre-registered to vote. Such individuals are prohibited from casting a ballot until they meet all voter eligibility requirements.

This proposal should not result in additional costs for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated this petition would implement an automatic voter registration program. The bill would require the Department of Revenue (DOR) and other agencies to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on agency records (such as driver's license applications in the case of DOR). This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, their office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic agency data, to sync agency data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of $1,000,000 in fiscal year (FY) 2021.

This bill requires local election authorities to send notice of opportunity to decline registration to each individual that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost $0.90 to mail ($0.55 for outgoing postage as of January 2019, $0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to $668,952 and printing is estimated at $33,270, for a total that could reach or exceed $702,222 (depending on the specific number of persons identified by DOR and other agencies) beginning in FY 2021.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and postage cost increases.

This petition also requires local election authorities to maintain one or more locations for eight hours on the Saturday and Sunday before each election to facilitate absentee voting. While each local election authority already maintains four hours of Saturday operation as required by current law, this increase would require additional staffing costs for the equivalent of 348 judge-days statewide (two judges for 1.5 days in 116 jurisdictions). Assuming an average payment of $125 per judge-day, this would amount to $43,500 per election beginning in FY 2021.

Their office is being conservative in assuming all new costs will be subject to Article X though there may be some legal uncertainties on this point.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated:

The following estimate is based on U.S. Census Data that estimates current county population at **291,923**. It is estimated that **18.7%** of the population is under **16** years old, which accounts for **54,515** residents. They have on average **190,000** registered voters, of which about **30,000 (16%)** are inactive, meaning their address is no longer verified but registered nonetheless and so they are included as part of the number below.

R's = Residents
RV's = Registered Voters
yrs = Years
PV's = Potential Voters
MC = Mailing Cost
CPC2P = Cost Per Card to Process
FTH = Fulltime Hire
PTH = Part-time Hire
AP = Annual Pay

291,923 R's – **50,415 R's** under **16 yrs** = **241,508 R's 16 yrs** or older

241,508 R's 16 yrs or older – **190,000 RV's** = **51,508 PV's**

51,508 PV's x .50 MC = $20,000 + fees = **$25,754**

51,508 PV x 1.06 CPC2P = $54,598.48

If they have approximately **51,508 PV's** not registered based on the number above, and a Voter ID card is mailed to each voter as stated in the petition language at **.50** apiece, it will be a **$25,754 MC**. How will that cost be delineated in subsequent mailings is very hard to

predict, but they do anticipate it will be reduced over time from the original estimate as more residents become registered.

The actual time spent to fully process any new Voter ID card is estimated at **$1.06 CPC2P**. This adds an additional **$54,598.48** to the cost when it is multiplied by the estimated **51,508** voters eligible to be registered.

There is also in the petition language additional requirements. This includes allowing new voters to register up to 2 weeks prior to an election, absentee mailing changes and risk-limited auditing requirements post-election. These additional requirements will at a minimum require an additional **2 FTH** and **1 PTH** for the office to ensure the ongoing administrative duties the petition requires will be completed on time for voters. This additional cost per **FTH** will be **$24,689.60** per hire for their annual pay and **$12,026.90** annual pay for the PTH. The total annual cost for two fulltime hires will be **$49,379.20**.

51,508 PV's x .50 MC	**= $25,754**
51,508 PV x 1.06 CPC2	**= $54,598.48**
2 FTH x $24,689.60 AP	**= $49,379.20**
1 PTH x $12,026.90 AP	**= $12,026.90**
Total:	**= $141,758.58**

The total estimated initial cost for Greene County for **IP 20-072** proposing to amend Article VIII, version 1, will cost Greene County **$141,758.58** with a minimum ongoing cost of **$61,406.10** for personnel. There will be other ongoing cost to include COLA increases, Step increases for employee pay as well as anticipated ongoing administrative cost that cannot be predicted at this time.

Officials from the **City of Kansas City** indicated this has no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they see no specific fiscal impact on their school from this initiative petition other than how the cost of it may be reflected in the state's ability to fully fund public schools state-wide.

Officials from the **St. Louis County Board of Elections** indicated they predict this amendment would have a fiscal impact of $37,500 per County-wide election, with an additional $9,000 annual cost. Having their office open for an additional 12 hours on the weekend, and at a rate of $5,000 per every 8 hours, this would cost $7,500. The additional absentee costs in the amendment are estimated to be about $30,000. The annual cost of sending voters postage cards to decline automatic registration would be about $9,000. It is important to note that a significant portion of all of these costs could be offset by the reduced need for polling places due to early voting.

Officials from the **Platte County Election Board** indicated they anticipate that this change would increase election costs by $3,000 per election to cover the additional absentee voting time.

Officials from the **State Auditor's office** indicated this proposal should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

Andrew Bergerson and Jared Wight provided the following information:

5601 Locust Street & 5711 Holmes Street
Kansas City, MO, 64110
21 June 2019

Hon. Nicole Galloway, CPA
Missouri State Auditor's Office
P. O. Box 869
Jefferson City, MO 65102
moaudit@auditor.mo.gov

Re: Fiscal-Cost Estimates for "VOTE 2020" Ballot Initiatives in 16 Variations (20-072 through 83 and 20-088 through 91)

To the Honorable Nicole Galloway, CPA, Missouri State Auditor:

Pursuant to Title IX Section 116.175 of the Missouri Constitution, we hereby submit this statement of fiscal impact to advise you and your office in estimating the fiscal cost of the "VOTE 2020" petition-based ballot initiatives to amend the Missouri Constitution. The information contained in this letter is relevant to all 16 petition variations: 20-072 through 83 and 20-088 through 91.

Drew Bergerson is a Professor of History and Jared Wight is a System Administrator, both at the University of Missouri-Kansas City. Although we submit this opinion purely as private citizens, we used our experience as social and computer scientists to do so.

We surveyed the relevant legislation proposed to the Missouri General Assembly for ten or more years, focusing especially on any associated fiscal notes from the State Auditors. We interviewed local election officials in the Kansas City and St. Louis areas. We reviewed the reports of major think tanks, non-profit organizations, and scholars who specialize in electoral practices. And we considered the reports provided by counties and states like California, Colorado, Michigan and North Carolina who recently implemented similar policies.

Below we summarize our research in seven points, including information particular to one or more variations of the ballot language where relevant.

1. **Automatic voter registration will likely incur one-time infrastructural costs of approximately $50-60,000 but are actually "unknown".**
   In the fiscal note for the recent bill with the most detailed description of one-time costs (HB 1934 McCann Beatty, 2018)[1], the State Auditor anticipated significant one-time expenses for extensive technological improvements to the Missouri Voter Registration Database ($1,000,000)[2], software programming ($27,540-$85,050), administrative costs for impacted departments ($7,228-$8,700), and employee training ($0-unknown). Missouri, however, has no reason to rely solely on its own resources for modernizing its election technologies as it has access to approximately $7.5 million for these purposes from the Federal Government.[3] According to the U. S. Election Assistance Commission, states must match Federal funds at 5%, but they may use those funds to improve elections by adding cybersecurity systems, cybersecurity training, new voting equipment with paper ballots, and post-election risk-limiting audit systems (#2 below).[4] It is therefore reasonable to assume that the fiscal impact *on the state budget* for the infrastructural items listed above would be only 5% of the total expense, or approximately $50-60,000. That said, the range of estimated costs is wide depending on how automatic voter registration is implemented in terms of infrastructural improvements. So, a more accurate assessment of cost would be "unknown".

2. **Risk-limiting audits will incur "unknown" up-front and ongoing costs.**
   For risk-limiting audits, Missouri has access to the same Federal funds at a matching rate of 5% for the purpose of upgrading our technology for cybersecurity etc.,[5] so it is reasonable to assume that infrastructural improvements for risk-limiting audits would be included in the estimates listed in #1 above. Long-term, there may be ongoing costs or even net savings; but as in #1, it is impossible to estimate them

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[1] See also HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019.

[2] According to Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018, similar one-time improvements cost approximately $200,000 in Oregon and $434,117 in Vermont. According to WBUR News, MA State Representative John Mahoney estimated in 2018 that implementation of the Massachusetts automatic voter registration legislation would cost $500,000 up front. In the fiscal cost analysis of the Voter Access and Modernized Elections Act (HB13-1303), Colorado anticipated $644,000 to update SCORE, its Statewide Voter Registration System. The larger figure of $1,000,000 for Missouri is reasonable given the relatively backward state of our election technologies (also as per the Fiscal Note for HB 731 Manlove 2019).

[3] According to the U.S. Election Assistance Commission's Grant Expenditure Report for Fiscal Year 2018, published April 4, 2019, Missouri has spent all of the funds plus interest distributed starting in 2003 by the EAC to states under Section 101 of HAVA 2002: $6,829,277. Section 251 funds, known as Requirements Payments, were distributed to States using a formula found in HAVA based on a percentage equal to the quotient of the voting-age population of each State and the total-voting age population of all States. Missouri has spent $54,177,399, leaving a balance of $472,833 including interest. In March 2018, however, Congress provided an additional $380,000,000 through the Consolidated Appropriations Act of 2018. Missouri has currently spent $224,922, leaving a balance of $7,037,285 including interest.

[4] *Ibid.* States have until September 30, 2023 to request their funds and get the money in their accounts. Missouri spent most of its allocated 2018 HAVA Funds to implement cybersecurity enhancements that protect against attempts to penetrate the Missouri Centralized Voter Registration System. The state also hosted the National Election Security Summit attended by federal, state and local election authorities to discuss practical ways to mitigate threats and vulnerabilities.

[5] *Ibid.*

without knowing which specific kind of risk-limiting audits will be implemented. It makes sense to list them as "unknown".

3. **The first round of "opt-out" mailings for automatic voter registration will incur new costs but they are "unknown".**
   Prior bills with fiscal notes (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019) offer a wide range of estimates for the initial set of "opt-out" mailings based on the number of non-registered voters in government records.[6] Yet scholars have developed new techniques for producing more accurate lists by winnowing "deadwood" from existing voter rolls, which could reduce costs.[7]

   > **[*Included in some ballot variations*: The pre-registration of 16-17-year-old eligible voters will incur one-time costs of approximately $134,800.**
   > There will be approximately 100,000 potential new pre-registrations in the first year of 2021.[8] Based on a recent fiscal note (HB 731 Manlove 2019), we estimate one-time fiscal costs of $90,000 for postage @ $0.90 each plus printing cost of $44,800 @ $.0448 per person for a total of $134,800.]

   Due to new techniques for more accurately identifying eligible voters, it is impossible to precisely estimate the fiscal impact of this legislation. These one-time expenses are best described as "unknown".

4. **The long-term cost of automatic voter registration is also "unknown."**
   Prior fiscal notes offer a wide range of estimates for long-term costs, mostly for printing and mailing costs. Kansas City was an outlier, anticipating new staff positions at much larger expense ($180-260,000); but most local election authorities anticipated $0 impact.[9] Similarly, no additional staff was required for implementing automatic voter registration in Colorado, Oregon, and Vermont.[10] Oregon, which has a comparable number of non-registered voters (539,532) to Missouri (528,782), has

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[6] The highest projections anticipate 743,280 individuals who, according to the Department of Motor Vehicles, have driver's licenses but are not registered voters, which makes the total cost for mailing and printing $702,222 + $33,270 = $735,492. Yet data from the United States Election Project suggests that this population estimate is two or more times too high. They estimate only 528,782 non-registered voters in 2018, and after removing ineligible voters, pegs the vote-eligible population at 357,583.

[7] Stephen Ansolabehere and Eitan Hersch, "Voter Registration: the Process and Quality of Lists," and Barry Burden and Charles Stewart, "Introduction to the Measure of American elections," both in *idem*, *The Measure of American Elections* (Cambridge, 2014).

[8] According to the Missouri Census Data Center, there were approximately 77,974 twelve-year olds in 2017 who will be sixteen in 2021 and 77,813 thirteen-year olds who will be seventeen. We assume that these figures will not significantly change in the next two years and that half of the seventeen-year olds or 38,906 could be pre-registered by existing statute which allows pre-registration at 17½ years old. Moreover, 7-8% of these eligible voters may never want to register: of the 4,570,675 Missouri citizens who were legally eligible to vote in 2018, 357,583 or 7.82% were not registered (United States Election Project; Secretary of State's Office).

[9] For prior bills with fiscal notes in Missouri (HB 1934 McCann Beatty, 2018; HB29, Stacy, 2019; HB 731 Manlove 2019; HB994, Price, 2019), local election officials have estimated the additional cost of printing and mailing postcards from $0 to $92,708 per year per election district but most anticipate being able to absorb the cost into their existing budgets.

[10] Common Cause-Massachusetts, *Automatic Voter Registration Cost Report*, 05.24.2018.

reported mailing a consistent number of 21,700 mailings per month for "opt-out" registrations at the cost of $330,217 per biennium.[11] In various states, automatic voter registration has even reduced other costs, for instance, by reducing the number of provisional ballots.[12] Arguably the largest cost savings for Missouri would come from replacing the current system of paper registration cards and manually reentering voter registrations from paper lists with digital voter registration systems.[13] In the most detailed fiscal notes to two of the prior bills (HB 1934 McCann Beatty, 2018; HB 731 Manlove 2019), the Office of the Secretary of State explicitly stated their assumption that voter lists "will be transmitted in an electronic format," no doubt in recognition of this opportunity to economize.

> [***Included in some ballot variations***: **The pre-registration of 16-17-year-old eligible voters will incur $0 ongoing costs.** Regardless whether the voter is pre-registered as a youth or registered as an adult, ongoing costs should either be the same for automatic voter registration or decrease over time through efficiencies in the system.]

Without knowing the precise nature of the new technologies and given the likelihood of opportunities to economize, it is impossible to estimate the long-term costs of automatic voter registration. They are therefore best described as "unknown."

5. **Moving the final registration date to fifteen days before election day will cost $0.**

There are no fiscal notes yet available for the two bills introduced into the Missouri General Assembly on this topic (HB 993 Price, 2019; SB 384, Schupp, 2019). Comparative research in other states who have implemented *same-day* registration either report no increase in long-term cost for new technology and staff, or report a reallocation of existing resources.[14] In 2012, California approved Conditional Voter

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[11] *Ibid.*

[12] National Conference of State Legislatures, Automatic Voter Registration, 04.22.2019. See also Sawyer, *Early Voting Business Case* for Mecklenburg County, NC, ca. 2015.

[13] In its Election Initiative issues brief "Inaccurate, Costly, and Inefficient Evidence that America's Voter Registration System Needs an Upgrade" from 02.2012, the Pew Center on the States argues that paper registration systems are expensive compared to electronic. Where Oregon spent $4.11 per active voter to process registrations and maintain their voting list or $7.67 per transaction (new or updated registration), Canada spent $0.35 per voter to process registrations and Maricopa County, AZ reduced costs from $0.83 for paper registration to $.03 for online registration. In California, the introduction of Conditional Voter Registration was delayed from 2012 to 2017 until VoteCal, California's statewide voter registration database, was operational (see California Secretary of State and Santa Clara Registrar of Voters).

[14] According to the National Conference of State Legislators, additional technology is not required even for same-day registration. Whereas the additional administrative work can be time consuming, many states report a reallocation of existing costs and resources rather than additional costs. In 2015, Project Vote reported that most states experienced "minimal" incremental costs in the long term. Iowa introduced SDR with only a $40,000 onetime statewide expense. In 2011-12, Demos conducted a survey of counties in Iowa and North Carolina and found that a large majority reported little to no additional costs for same-day registration. Most did not require additional staffing at the polls. Any new expenses were generally associated with additional printing and mailing of registration forms. North Carolina respondents most frequently cited additional staffing at one-stop sites as the most notable cost associated with same-day registration. This need tended to increase among smaller-sized counties. The increased expenses cited

Registration (AB 1436) that allowed unregistered voters to register and vote within fifteen days of and including election day using a provisional ballot, and it became operational in 2017 (see California Secretary of State and Santa Clara Registrar of Voters). Their State Legislature anticipated increases in cost of $5-10,000 per county but only due to the provisions of the law related to same-day registration.[15] The legislation proposed in Missouri sets the registration deadline at fifteen days before election day as well but *without* the option for same-day registration.[16] It is therefore reasonable to assume that no additional technology or staff would be required and therefore this aspect of the legislation would incur $0 new costs.

6. **The cost to allow all eligible voters to vote "without excuse" by absentee ballot[17] is "unknown" if not $0.**

The number of absentee ballots cast in Missouri fluctuated between 5.7% and 9.6% in 2008-2012.[18] According to the fiscal notes associated with past bills in the Missouri General Assembly (HB173, Conway, 2017; HB644, Smith, 2017; HB29, Stacy, 2019; HB202, Shull, 2019) as well as proposed constitutional amendments (HJR 90, Dugger, 2014), most local election officials did not respond with feedback or stated that the impact would be negligible on their expenses. By contrast, the local election officials from Audrain, Kansas City, Platt, and St. Louis Counties estimated increased costs ranging from $1,700 to $32,000 due to increased postage, printing, and staff. In more recent bills (HB368, McGaugh, 2019; HB527, Stevens, 2019; HB992, Price, 2019), however, the local election officials from Platt and St. Louis Counties estimate $0 fiscal impact for similar policies. Given such wildly different cost estimates from rural, suburban, and urban counties, the Committee on Legislative Oversight correctly notes that there could be a potential increase in costs but the actual fiscal impact is "unknown" if not $0. Costs (i.e. for increased staff) may increase in the short term if voters suddenly switch to permanent absentee voting by mail before the necessary infrastructure has been created; but in general, political scientists note that state- and even county-specific voting cultures are often strong predictors of future behavior; which suggests that

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in North Carolina may not be entirely attributable to same-day registration, however. Most counties that reported adding staff were unable to disaggregate same-day registration costs from overall early voting expenses.

[15] The California Assembly predicted a modest cost increase of "$5,000 to $10,000 per county annually to accommodate voter registration, *principally on election day*, at county elections offices. This includes the costs for staffing, providing sufficient ballot types for a voter residing anywhere in the county, processing the additional voter registrations, and any additional handling associated with processing the ballots" (our *italics*). Yet they admitted that these costs will vary according to county, popularity of option, turnout, and other factors, including the number of existing provisional ballots.

[16] The other factor increasing anticipated costs in the California case was the need to process provisional ballots after election day. The Senate for instance predicted that an increase in last minute voter registration would necessitate additional labor, overtime, computers, ballots, networks, and security *on election day* and also in order to complete the processing of *more provisional ballots* during the 28 day canvas period after an election. In the proposed Missouri legislation, automatic voter registration should decrease the need for provisional ballots.

[17] including both temporarily and permanently options as well as military and overseas voters

[18] Christopher Mann, "Mail Ballots in the United States: Policy Choice and Administrative Challenges," in Burden and Stewart, *Measure*, p. 118.

there will be some inertia when it comes to voting practices and therefore a more gradual adjustment period.[19] With the implementation of the Voter's Choice Act in California, for instance, Madera County saw an increase in voting by mail from 64% to 93% in 2018, but because VCA actually *required* ballots to be mailed in that county.[20] By contrast, Mecklenburg County in North Carolina saw a more gradual increase in early voting but relatively stable percentages of no-excuse absentee ballots since the introduction of both.[21] It thus seems reasonable to assume, given the fact that both in-person and mail-in absentee ballots would be available during the 42 day early voting period, that most local election officials would be able to absorb this work using existing resources of staff and space.[22] For, the data from other states suggest that mail-in balloting significantly *reduces* the cost per vote of elections. Although it requires short-term increases in voter education programs and can incur expenses through trial and error with the number of voting centers, most local election officials who have made the transition to vote-by-mail systems anticipate long-term cost savings as a result of reduced labor costs by replacing many poll workers with fewer voter center workers as well as fewer voting machines.[23] Given the likelihood of short-term cost fluctuations together with long-term savings, both of an indeterminate quantity, it makes sense to describe the fiscal impact as "unknown."

7. Early voting has an uncertain impact on the cost of elections ranging from "unknown" cost increases to "unknown" cost savings.

There are an unpredictably wide range of variables that could impact the cost of early voting, resulting in wildly disparate predictions of fiscal impact.[24] It seems reasonable to presume that local election officials will use the flexibility inherent in this legislation to try to avoid new costs.[25] For both practical and financial reasons,

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[19] Burden and Stewart, *Measure.*

[20] Madera County, CA, Election Administration Plan 2018.

[21] As per Hannah Sawyer, an intern who worked at the Mecklenburg County Board of Elections, who authored a Six Sigma study as part of her MPA entitled *Early Voting Business Case* [ca. 2015].

[22] See for instance Sawyer, *Early Voting*.

[23] In California, "the Nevada County Elections Office has determined that costs will exceed savings with the first implementation of the VCA. However, the Nevada County Elections Office predicts that over time conducting elections in accordance with the VCA will encourage savings based on evidence from Colorado who implemented a similar elections model." (Nevada County Election Administration Plan 2018; see also Madera County Election Administration Plan 2018, Napa County Election Administration Plan 2018, Sacramento County Election Administration Plan's Appendix J, 2018). According to the Pew Charitable Trusts' issue brief "Colorado Voting Reforms: Early Results 2013" from March 22, 2016, the statewide average cost per vote in Colorado decreased in the wake of their Voter Access and Modernized Elections Act of May 2013 from $15.96 in 2008 to $9.56 in 2014 due to reduced labor, printing, postage, and miscellaneous costs. On-demand ballot printing at vote centers reduced the total number of ballots that need to be printed. Moving from assigned polling places to fewer vote centers also required less staff.

[24] For HJR 90 (Dugger, 2014), St. Louis County assumed that they would be required to open seven satellite sites at an estimated annual cost for the location, paper and labor of $1,737,892 per election as well as non-recurring start-up costs to be $1,195,678. Yet these estimates do not consider the cost savings of reducing precincts during election day, using less voting equipment, and other factors, which would have considerable impact on an election district with a large population of registered voters. By contrast, most local election officials did not even bother to respond to the request for a fiscal note, suggesting little concern for increased costs.

[25] For instance, Illinois mandates that early voting centers must be provided at public universities (Early Voting report from NYU's Brennan Center for Justice). Local election officials could save money by using the existing local election facility itself as one of their

we anticipate that local election officials would want to provide one voting center for approximately 50,000 registered (35,000 likely) voters.[26] The 102 rural counties in Missouri with fewer than 50,000 voters may incur costs only for the stipulated overtime for its staff on the Saturday and Sunday before election day.

> [***Included in some ballot variations***: **Early voting includes the two hours before and two hours after regularly scheduled business hours during each of the six business days before election day.** This may also result in modest increased costs for less populous counties.]

Yet local election authorities may be able to absorb those costs by adjusting existing work schedules.[27] In the sixteen suburban, exurban, or urban districts in Missouri with 50,000 or more registered voters, including St. Louis with more than 750,000 registered (457,609 likely) voters, local election officials should be able to reallocate resources from their many precincts into consolidated early voting centers to actually incur cost savings.[28] This consolidation would allow the local election officials to rely on their best workers and reduce the number of required voting machines (and associated costs for transportation and rental space), as has happened in other states.[29] It also reduces the number of provisional ballots.[30] Overall, early voting has been proven in other states to drastically reduce costs in the long-term and/or

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voting centers (such as the County Clerk's office) and using other publicly owned (municipal, county, and state) facilities for the auxiliary centers as needed (such as civic centers, firehouses, high school gymnasiums, or public university buildings). The latter are typically located in central locations, accessible by public transportation, open on a similar schedule as the local election officials office, provide public parking, and can be secured such that the machines do not need to be removed each day. Other popular alternatives in states with early voting include retail stores, bus stations, hotels, and supermarkets. (Robert Stein and Greg Vonnahme, "Polling Place Practices and the Voting Experience," in Burden and Stewart, *Measure*, p. 170-72)

[26] Prior bills submitted to the Missouri General Assembly stipulated a range of formulae: one voting center for every three existing precincts (HB994, Price, 2019) which results in a very large price tag of $9,764,250 in new election costs; one additional voting site for more than 175,000 registered voters (HB848, Neth, 2013) or a staggered scale thereafter for every 75,000 voters (HJR5, Merideth, 2019), which would only impact six local election officials; one voting center for every 50,000 residents (HB501, Newman, 2017; HB1550, Newman, 2018) which would require 49 voting centers statewide; or no formula at all (HJR 90 Dugger, 2014). See also Matt Blunt Early Voting Report, n.d., and Jason Kander, Time for Early Voting, 2013.

[27] If local election officials do require paying overtime for the two weekend days, a reasonable estimate based on Jackson County figures would be $30.60 per hour per employee (at time and a half) for two employees for 16 hours total, or $979.47 per county. (See data from Secretary of State's Office and HB994, Price, 2019)

[28] For instance, the Jackson County Election Board currently has 239 precincts for 254,769 registered and 151,029 likely voters that they currently open only on election day, for which they pay $200.00 per precinct (for a total of $47,800) plus 2 judges per site @ $12.00 per hour for 8 hours per day ($192 per precinct = $45,888). If they chose to participate in early voting, the local election official might instead open 5 voting centers in public buildings including the local election official itself (at $0 cost) which requires 2 judges per site @ $12.00 per hour for 8 hours per day for 42 days as well as 2 weekend days before election day for a total of $42,240 or half the current cost [*alternate ballot language*: with an additional $288 for the additional two hours before and after regular business hours on the six days before election day]. (See data from Secretary of State's Office and HB994, Price, 2019; compare to Sacramento County Election Administration Plan's Appendix J, 2018)

[29] Between 1999 and 2001, North Carolina introduced no excuse absentee ballots and an eighteen-day early voting period. According to Sawyer's *Early Voting*, Mecklenburg County, NC, was able to significantly reduce the number of required machines at a cost savings of $1,261,700 in purchase price and maintenance costs by using the same machines on both election day and during the early voting period. The more people who voted early (62% in 2012, 75% anticipated in 2016), the more they maximized existing infrastructure, halving the annualized cost of each machine from $685.56 to $309 over a ten-year period.

[30] Mecklenburg County NC (*ibid.*) recorded a reduction from 3,156 provisional ballots in 1996 to 1,522 in 2012 due to early voting. The Pew Charitable Trusts reported in "Colorado Voting Reforms: Early Results 2013" on March 22, 2016, that there was a remarkable 98% reduction in provisional ballots cast in Colorado.

allowed for the reallocation of scarce resources.[31] Crucial to estimating the fiscal impact of these ballot initiatives is the fact that they allow local election officials to determine the number of early voting centers and allows them to increase hours of operation beyond the minimum based on local circumstances. Opening a second early voting center may not make fiscal sense for a district with only 2-5,000 registered voters; but additional voting centers or longer hours may enable more populous jurisdictions to make better and more dynamic use of existing resources.[32] Doing so may require some trial and error, as other states have experienced.[33] Given the flexibility in the legislation to adapt to local conditions and the fact additional centers and hours are entirely optional, the fiscal impact cannot be precisely measured.

Individually, the vast majority of these costs are either $0 or "unknown". Taken together, there is a strong likelihood of new short-term expenses along with significant opportunities for long-term cost savings. These variables make it impossible to estimate the net fiscal impact of this multifaceted legislation.[34] We therefore advise the State Auditor to summarize its potential cost to taxpayers as **$0 to "unknown"** since that is the most accurate description of its overall fiscal impact.

Yours sincerely,

Andrew Stuart Bergerson, 5601 Locust Street, Kansas City, MO, 64110, and
Jared Wight, 5711 Holmes Street, Kansas City, MO, 64110

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[31] Between 2008 and 2016, voter transactions in Mecklenburg County NC (*ibid.*) cost $2.48-$3.57 per early vote in contrast to $7.19-$11.69 for election-day voting. See also Pew Charitable Trusts, "Colorado Voting Reforms: Early Results 2013", March 22, 2016.

[32] For instance, Buchanan County with 52,996 registered (30,117 current) voters in 2018 could process on average 1204 registered voters per 8-hour day or 151 per hour in an early voting period of 44 days (including weekend days before election day) if they restricted themselves to just the existing local election authority's offices as their voting center. Adding a second early voting center would reduce these rates to a more manageable 602 per day and 75 per hour. By contrast, Macon County with 10,805 registered (6,591 current) voters in 2018 could already process on average 246 registered voters per day or 31 per hour in a single voting center without having to open a second center. [*Alternate voting language*: extended business hours in the six days before election day would further reduce the number of voters per hour on average.]

[33] Colorado's General Assembly has passed a new bill HB19-1278 (2019) that would change the formula for determining how many ballot drop boxes and vote centers are required in order to address isolated instances of long lines on election day. In 2018, researchers from USC and UC-Riverside found elections officials faced a number of unexpected hurdles with the Voter's Choice Act. As John Myers of the Los Angeles Times reported on 21 April 2019: "Costs went up in some counties, as workers at vote centers needed additional training and counties replaced the often no-fee locations for polling places with buildings that had to be rented for a week or more. Some local officials said they needed more vote centers than the minimum required by the state law, especially on election day — for whatever reason, a number of voters didn't use the service until the last minute." The researchers concluded: "The culture of in-person voting on one single day will require more than one election cycle to change." In the long-term, however, the four original counties in California who implemented the Voter's Choice Act all anticipate long-term costs savings (Madera County Election Administration Plan 2018; Nevada County Election Administration Plan 2018; Napa County Election Administration Plan 2018; Sacramento County Election Administration Plan's Appendix J, 2018).

[34] The House Fiscal Agency in Michigan drew a similar conclusion regarding the 2018 ballot proposal 3 Promote the Vote, which included many similar features and is the foundation for the Missouri legislation. "The various rights proposed in the amendment would have *separate indeterminate costs*, but they will likely entail *marginal* increased costs for local units of government and o*verall decreased* expenditures from the state, with some marginal cost increases for the Department of State (DOS)." (our *italics*)

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State governmental entities expect one-time costs of at least $1 million and possible ongoing costs. Local governments are expected to have costs of an unknown amount totaling at least $756,000 in one-time costs, $61,000 in annual costs, and $84,000 in costs per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 17, 2019

RECEIVED
JUN 17 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article I (2020-071)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on June 14, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street, No PO Box)	(City, Town orVillage)	ZIP CODE	CONG R. DIST	NAME (Print or Typed)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of ....., A.D.....

.....
Signature of Notary

Notary Public (Seal)
My commission expires.....

.....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section 36 is created by adding section 36 to article I of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.

Section 36. The Right of reproductive freedom & to terminate a pregnancy shall not be infringed. All abortion restrictions that was passed after January of 2019 shall be nullify. All future abortion restrictions shall originate by a citizens initiative.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 12, 2019

RECEIVED
JUN 12 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mark Pedersen regarding a proposed constitutional amendment to Article XIV (2020-070)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mark Pedersen on June 12, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the **3rd** day of November, **2020**, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
2019 JUN 12 AM 8:51

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF

_____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong. Dist.	NAME (Print or Typed)
1.						
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Address of Affiant

_____
Printed Name of Affiant

_____
Signature of Notary

Subscribed and sworn to before me, this _____ day of _____, A.D. _____ .

_____
Address of Notary

Notary Public (Seal)

My commission expires _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends Article XIV Section 1 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all of the underlined matters as required pursuant to Section 116.050 RSMo.

Section 1. [Right to Access medical marijuana.] Missouri Cannabis Restoration and Protection [– 1. Purposes.]

1. Clarification as a substance.

[This section is intended to permit state-licensed physicians to recommend marijuana for medical purposes to patients with serious illnesses and medical conditions. The section allows patients with qualifying medical conditions the right to discuss freely with their physicians the possible benefits of medical marijuana use, the right of their physicians to provide professional advice concerning the same, and the right to use medical marijuana for treatment under the supervision of a physician.
This section is intended to make only those changes to Missouri laws that are necessary to protect patients, their primary caregivers, and their physicians from civil and criminal penalties, and to allow for the limited legal production, distribution, sale and purchase of marijuana for medical use. This section is not intended to change current civil and criminal laws governing the use of marijuana for nonmedical purposes. The section does not allow for the public use of marijuana and driving under the influence of marijuana.]

Cannabis shall immediately be removed from the Missouri Revised Statutes list of controlled substances and shall no longer be listed among Missouri's drug schedules. Cannabis shall no longer be considered a controlled substance or a drug, hence forth by Missouri law, by the passage of this initiative.

[2. Definitions.] **2. Definitions.**

[(1) "Administer" means the direct application of marijuana to a qualifying patient by way of any of the following methods:

(a) Ingestion of capsules, teas, oils, and other marijuana-infused products;

(b) Vaporization or smoking of dried flowers, buds, plant material, extracts, or oils;

(c) Application of ointments or balms;

(d) Transdermal patches and suppositories;

(e) Consuming marijuana-infused food products; or

(f) Any other method recommended by a qualifying patient's physician.

(2) "Department" means the Department of Health and Senior services, or its successor agency.

(3) "Entity" means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) "Flowering plant" means a marijuana plant from the time it exhibits the first signs of sexual maturity through harvest.

(5) "Marijuana" or "marihuana" means *Cannabis indica, Cannabis sativa, and Cannabis ruderalis,* hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana, as well as resin extracted from the plant and marijuana-infused products. "marijuana" or "Marihuana" do not include industrial hemp containing a crop-wide average tetrahydrocannabinol concentration that does not exceed three-tenths of one percent on a dry weight basis, or commodities or products manufactured from industrial hemp.

(6) "Marijuana-infused products" means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(7) "Medical marijuana cultivation facility" means a facility licensed by the department, to acquire, cultivate, process, store, transport, and sell marijuana to a medical marijuana dispensary facility, medical marijuana testing facility, or to a medical marijuana-infused products manufacturing facility.

(8) "Medical marijuana dispensary facility" means a facility licensed by the department, to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and drug paraphernalia used to administer marijuana as provided for in this section to a qualifying patient, a primary caregiver, another medical marijuana dispensary facility, a medical marijuana testing facility, or a medical marijuana-infused products manufacturing facility.

(9) "Medical marijuana-infused products manufacturing facility" means a facility licensed by the department, to acquire, store, manufacture, transport, and sell marijuana-infused products to a medical marijuana dispensary facility, a medical marijuana testing facility, or to another medical marijuana-infused products manufacturing facility.

(10) "Medical marijuana testing facility" means a facility certified by the department, to acquire, test, certify, and transport marijuana.

(11) "Medical use" means the production, possession, delivery, distribution, transportation, or administration of marijuana or a marijuana-infused product, or drug paraphernalia used to administer marijuana or a marijuana-infused product, for the benefit of a qualifying patient to mitigate the symptoms or effects of the patient's qualifying medical condition.

(12) "Physician" means an individual who is licensed and in good standing to practice medicine or osteopathy under Missouri law.

(13) "Physician certification" means a document, whether handwritten, electronic or in another commonly used format, signed by a physician and stating that, in the physician's professional opinion, the patient suffers from a qualifying medical condition.

(14) "Primary caregiver" means an individual twenty-one years of age or older who has significant responsibility for managing the well-being of a qualifying patient and who is designated as such on the primary caregiver's application for an identification card under this section or in other written notification to the department.

(15) "Qualifying medical condition" means the condition of, symptoms related to, or side-effects from the treatment of:

(a) Cancer;

(b) Epilepsy;

(c) Glaucoma;

(d) Intractable migraines unresponsive to other treatment;

(e) A chronic medical condition that causes severe, persistent pain or persistent muscle spasms, including but not limited to those associated with multiple sclerosis, seizures, Parkinson's disease, and Tourette's syndrome;

(f) Debilitating psychiatric disorders, including, but not limited to, post-traumatic stress disorder, if diagnosed by a state licensed psychiatrist;

(g) Human immunodeficiency virus or acquired immune deficiency syndrome;

(h) A chronic medical condition that is normally treated with a prescription medication that could lead to physical or psychological dependence, when a physician determines that medical use of marijuana could be effective in treating that condition and would serve as a safer alternative to the prescription medication;

(i) Any terminal illness; or

(j) In the professional judgment of a physician, any other chronic, debilitating or other medical condition, including, but not limited to, hepatitis C, amyotrophic lateral sclerosis, inflammatory bowel disease, Crohn's disease, Huntington's disease, autism, neuropathies, sickle cell anemia, agitation of Alzheimer's disease, cachexia, and wasting syndrome.

(16) "Qualifying patient" means a Missouri resident diagnosed with at least one qualifying medical condition.]

(a) "Controlled Substance List", or "CSL" refers to Missouri's list of controlled substances as pertains to Missouri Statutes.
(b) "Cannabis" and "Cannabis hemp" refer to the Cannabis, marihuana, marijuana, Cannabis sativa, Cannabis sativa L., Cannabis Americana, Cannabis Gigantea, Cannabis indica, Cannabis ruderalis, or any variety of Cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
(c) "Medical Cannabis" refers to Cannabis used to prevent or to treat a medical condition.
(d) "Personal use" refers to the personal use or consumption of Cannabis.
(e) "Cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing Cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing Cannabis into and/or onto the human body.
(f) "Establishment" refers to a Cannabis cultivation facility, a Cannabis testing facility, a Cannabis product manufacturing facility, or a retail store, Cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells Cannabis, Cannabis products and/or Cannabis accessories.

[3. Creating Patient Access to Medical Marijuana.] **3. Personal and Commercial.**

[(1) In carrying out the implementation of this section, the department shall have the authority to:

(a) Grant or refuse state licenses and certifications for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use as provided by law; suspend, fine, restrict, or revoke such licenses and certifications upon a violation of this section or a rule promulgated pursuant to this section; and impose any administrative penalty authorized by this section or any rule promulgated pursuant to this section.

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana for medical use and for the enforcement of this section so long as patient access is not restricted unreasonably and such rules are reasonably necessary for patient safety or to restrict access to only licensees and qualifying patients.

(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section;

(d) Require a seed-to-sale tracking system that tracks medical marijuana from either the seed or immature plant stage until the medical marijuana or medical marijuana-infused product is sold to a qualifying patient or primary caregiver to ensure that no medical marijuana grown by a medical marijuana cultivation facility or manufactured by a medical marijuana-infused products manufacturing facility is sold or otherwise transferred except by a medical marijuana dispensary facility. The department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees.

(e) Issue standards for the secure transportation of marijuana and marijuana-infused products. The department shall certify entities which demonstrate compliance with its transportation standards to transport marijuana and marijuana-infused products to a medical marijuana cultivation facility, a medical marijuana-infused products manufacturing facility, a medical marijuana dispensary facility, a medical marijuana testing facility, or another entity with a transportation certification. The department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity licensed or certified pursuant to this section shall be allowed to transport cannabis.

(f) The department may charge a fee not to exceed $5,000 for any certification issued pursuant to this section.

(g) Prepare and transmit annually a publicly available report accounting to the Governor for the efficient discharge of all responsibilities assigned to the department under this section;

(h) Establish a system to numerically score competing medical marijuana licensee and certificate applicants, only in cases where more applicants apply than the minimum number of licenses or certificates as calculated by this section, which scoring shall be limited to an analysis of the following:

(i) the character, veracity, background, qualifications, and relevant experience of principal officers or managers;

(ii) the business plan proposed by the applicant, which in the case of cultivation facilities and dispensaries shall include the ability to maintain an adequate supply of marijuana, plans to ensure safety and security of qualifying patients and the community, procedures to be used to prevent diversion, and any plan for making marijuana available to low-income qualifying patients;

(iii) site security;

(iv) experience in a legal cannabis market;

(v) in the case of medical marijuana testing facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and/or potency and health care industry experience;

(vi) the potential for positive economic impact in the site community;

(vii) in the case of medical marijuana cultivation facilities, capacity or experience with agriculture, horticulture, and health care;

(viii) in the case of medical marijuana dispensary facilities, capacity or experience with health care, the suitability of the proposed location, and its accessibility for patients;

(ix) in the case of medical marijuana-infused products manufacturing facilities, capacity or experience with food and beverage manufacturing; and

(x) maintaining competitiveness in the marijuana for medical use marketplace.

In ranking applicants and awarding licenses and certificates, the department may consult or contract with other public agencies with relevant expertise regarding these factors. The department shall lift or ease any limit on the number of licensees or certificate holders in order to meet the demand for marijuana for medical use by qualifying patients.

(2) The department shall issue any rules or emergency rules necessary for the implementation and enforcement of this section and to ensure the right to, availability, and safe use of marijuana for medical use by qualifying patients. In developing such rules or emergency rules, the department may consult with other public agencies. In addition to any other rules or emergency rules necessary to carry out the mandates of this section, the department may issue rules or emergency rules relating to the following subjects:

(a) Compliance with, enforcement of, or violation of any provision of this section or any rule issued pursuant to this section, including procedures and grounds for denying, suspending, fining, restricting, or revoking a state license or certification issued pursuant to this section;

(b) Specifications of duties of officers and employees of the department;

(c) Instructions or guidance for local authorities and law enforcement officers;

(d) Requirements for inspections, investigations, searches, seizures, and such additional enforcement activities as may become necessary from time to time;

(e) Creation of a range of administrative penalties for use by the department;

(f) Prohibition of misrepresentation and unfair practices;

(g) Control of informational and product displays on licensed premises provided that the rules may not prevent or unreasonably restrict appropriate signs on the property of the medical marijuana dispensary facility, product display and examination by the qualifying patient and/or primary caregiver, listings in business directories including phone books, listings in marijuana-related or medical publications, or the sponsorship of health or not for profit charity or advocacy events;

(h) Development of individual identification cards for owners, officers, managers, contractors, employees, and other support staff of entities licensed or certified pursuant to this section, including a fingerprint-based federal and state criminal record check in accordance with U.S. Public Law 92-544, or its successor provisions, as may be required by the department prior to issuing a card and procedures to ensure that cards for new applicants are issued within fourteen days. Applicants licensed pursuant to this section shall submit fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol, if necessary, shall forward the fingerprints to the Federal Bureau of Investigation (FBI) for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted pursuant to 43.543 and fees shall be paid pursuant to 43.530;

(i) Security requirements for any premises licensed or certified pursuant to this section, including, at a minimum, lighting, physical security, video, alarm requirements, and other minimum procedures for internal control as deemed necessary by the department to properly administer and enforce the provisions of this section, including reporting requirements for changes, alterations, or modifications to the premises;

(j) Regulation of the storage of, warehouses for, and transportation of marijuana for medical use;

(k) Sanitary requirements for, including, but not limited to, the preparation of medical marijuana-infused products;

(l) The specification of acceptable forms of picture identification that a medical marijuana dispensary facility may accept when verifying a sale;

(m) Labeling and packaging standards;

(n) Records to be kept by licensees and the required availability of the records;

(o) State licensing procedures, including procedures for renewals, reinstatements, initial licenses, and the payment of licensing fees;

(p) The reporting and transmittal of tax payments;

(q) Authorization for the department of revenue to have access to licensing information to ensure tax payment and the effective administration of this section; and

(r) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(3) The department shall issue rules or emergency rules for a medical marijuana and medical marijuana-infused products independent testing and certification program for medical marijuana licensees and requiring licensees to test medical marijuana using one or more impartial, independent laboratories to ensure, at a minimum, that products sold for human consumption do not contain contaminants that are injurious to health, to ensure correct labeling and measure potency. The department shall not require any medical marijuana or medical marijuana-infused products to be tested more than once prior to sale.

(4) The department shall issue rules or emergency rules to provide for the certification of and standards for medical marijuana testing facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The department shall certify, if possible, at least two entities as medical marijuana testing facilities. No medical marijuana testing facility shall be owned by an entity under substantially common control, ownership, or management as a medical marijuana cultivation facility, medical marijuana-infused product manufacturing facility, or medical marijuana dispensary facility.

(5) The department shall maintain the confidentiality of reports or other information obtained from an applicant or licensee containing any individualized data, information, or records related to the licensee or its operation, including sales information, financial records, tax returns, credit reports, cultivation information, testing results, and security information and plans, or revealing any patient information, or any other records that are exempt from public inspection pursuant to state or federal law. Such reports or other information may be used only for a purpose authorized by this section. Any information released related to patients may be used only for a purpose authorized by federal law and this section, including verifying that a person who presented a patient identification card to a state or local law enforcement official is lawfully in possession of such card.

(6) Within one hundred eighty days of December 6, 2018, the department shall make available to the public license application forms and application instructions for medical marijuana cultivation facilities, medical marijuana testing facilities, medical marijuana dispensary facilities, and medical marijuana-infused products manufacturing facilities.

(7) Within one hundred eighty days of December 6, 2018, the department shall make available to the public application forms and application instructions for qualifying patient, qualifying patient cultivation, and primary caregiver identification cards. Within two hundred ten days of December 6, 2018, the department shall begin accepting applications for such identification cards.

(8) An entity may apply to the department for and obtain one or more licenses to grow marijuana as a medical marijuana cultivation facility. Each facility in operation shall require a separate license, but multiple licenses may be utilized in a single facility. Each indoor facility utilizing artificial lighting may be limited by the department to thirty thousand square feet of flowering plant canopy space. Each outdoor facility utilizing natural lighting may be limited by the department to two thousand eight hundred flowering plants. Each greenhouse facility using a combination of natural and artificial lighting may be limited by the department, at the election of the licensee, to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of ten thousand dollars per license application or renewal for all applicants filing an application within three years of December 6, 2018, and shall charge each applicant a non-refundable fee of five thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of twenty-five thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three medical marijuana cultivation facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(9) An entity may apply to the department for and obtain one or more licenses to operate a medical marijuana dispensary facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of December 6, 2018 and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten

thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than five medical marijuana dispensary facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(10) An entity may apply to the department for and obtain one or more licenses to operate a medical marijuana-infused products manufacturing facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of December 6, 2018 and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three medical marijuana-infused products manufacturing facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(11) Any applicant for a license authorized by this section may pre-file their application fee with the department beginning 30 days after December 6, 2018.

(12) Except for good cause, a qualifying patient or his or her primary caregiver may obtain an identification card from the department to cultivate up to six flowering marijuana plants for the exclusive use of that qualifying patient. The card shall be valid for twelve months from its date of issuance and shall be renewable with the annual submittal of a new or updated physician's certification. The department shall charge an annual fee for the card of one hundred dollars, with such rate to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency.

(13) The department may set a limit on the amount of marijuana that may be purchased by or on behalf of a single qualifying patient in a thirty day period, provided that limit is not less than four ounces of dried, unprocessed marijuana, or its equivalent. Any such limit shall not apply to a qualifying patient with written certification from two independent physicians that there are compelling reasons why the qualifying patient needs a greater amount than the limit established by the department.

(14) The department may set a limit on the amount of marijuana that may be possessed by or on behalf of each qualifying patient, provided that limit is not less than a sixty day supply of dried, unprocessed marijuana, or its equivalent. A primary caregiver may possess a separate legal limit for each qualifying patient under their care and a separate legal limit for themselves if they are a qualifying patient.
qualifying patients cultivating marijuana for medical use may possess up to a ninety day supply, so long as the supply remains on property under their control. Any such limit shall not apply to a qualifying patient with written certification from two independent physicians that there are compelling reasons for additional amounts. Possession of between the legal limit and up to twice the legal limit shall subject the possessor to department sanctions, including an administrative penalty and loss of their patient identification card for up to a year. Purposefully possessing amounts in excess of twice the legal limit shall be punishable by imprisonment of up to one year and a fine of up to two thousand dollars.

(15) The department may restrict the aggregate number of licenses granted for medical marijuana cultivation facilities, provided, however, that the number may not be limited to fewer than one license per every one hundred thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(16) The department may restrict the aggregate number of licenses granted for marijuana-infused products manufacturing facilities, provided, however, that the number may not be limited to fewer than one license per every seventy thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(17) The department may restrict the aggregate number of licenses granted for medical marijuana dispensary facilities, provided, however, that the number may not be limited to fewer than twenty-four licenses in each United States Congressional district in the state of Missouri pursuant to the map of each of the eight congressional districts as drawn and effective on December 6, 2018. Future changes to the boundaries of or the number of congressional districts shall have no impact.

(18) The department shall begin accepting license and certification applications for medical marijuana dispensary facilities, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than two hundred forty days after December 6, 2018. Applications for licenses and certifications under this section shall be approved or denied by the department no later than one hundred fifty days after their submission. If the department fails to carry out its non-discretionary duty to approve or deny an application within one hundred fifty days of submission, an applicant may immediately seek a court order compelling the department to approve or deny the application.

(19) Qualifying patients under this section shall obtain and annually renew an identification card or cards from the department. The department shall charge a fee of twenty-five dollars per year per card with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor or its successor agency. Upon receiving an application for a qualifying patient identification card or qualifying patient cultivation identification card, the department shall, within thirty days, either issue the card or provide a written explanation for its denial. If the department fails to deny and fails to issue a card to an eligible qualifying patient within thirty days, then their physician certification shall serve as their qualifying patient identification card or qualifying patient cultivation identification card for up to one year from the date of physician certification. All initial applications for or renewals of a qualifying patient identification card or qualifying patient cultivation identification card shall be accompanied by a physician certification that is less than thirty days old.

(20) Primary caregivers under this section shall obtain and annually renew an identification card from the department. The department shall charge a fee of twenty five dollars per year, with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. Upon receiving an application for a primary caregiver identification card the department shall, within thirty days, either issue the card or provide a written explanation for its denial.

(21) All marijuana for medical use sold in Missouri shall be cultivated in a licensed medical marijuana cultivation facility located in Missouri.

(22) All marijuana-infused products for medical use sold in the state of Missouri shall be manufactured in a medical marijuana-infused products manufacturing facility.

(23) The denial of a license, license renewal, or identification card by the department shall be appealable to the administrative hearing commission, or its successor entity. Following the exhaustion of administrative review, denial of a license, license renewal, or identification card by the department shall be subject to judicial review as provided by law.

(24) No elected official shall interfere directly or indirectly with the department's obligations and activities under this section.

(25) The department shall not have the authority to apply or enforce any rule or regulation that would impose an undue burden on any one or more licensees or certificate holders, any qualifying patients, or act to undermine the purposes of this section.]

The following acts are not unlawful and shall not be an offense under Missouri law:
(a) Possession and/or consumption of Cannabis for personal or medical use.
(b) Cultivating Cannabis for personal or medical use.
(c) Cultivation, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing Cannabis, Cannabis accessories, and Cannabis products for commercial purposes, provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivating, harvesting, processing, manufacturing, packaging, distribution, transferal, display or possession of any non-toxic food or food product.
(d) Providing Cannabis, Cannabis accessories, and Cannabis products for sale to consumers.
(e) Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this subsection.
(f) No one shall be denied housing solely based on their use of Cannabis.
(g) No one shall be denied employment solely based on their use of Cannabis.
(h) The use and/or possession of Cannabis shall in no way impede one's legal right to possess a firearm.

[4. Taxation and Reporting.] **4. Medical.**

[(1) A tax is levied upon the retail sale of marijuana for medical use sold at medical marijuana dispensary facilities within the state. The tax shall be at a rate of four percent of the retail price. The tax shall be collected by each licensed medical marijuana dispensary facility and paid to the department of revenue. After retaining no more than five percent for its actual collection costs, amounts generated by the tax levied in this section shall be deposited by the department of revenue into the Missouri veterans' health and care fund. Licensed entities making retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Missouri veterans' Health and Care Fund," which shall consist of taxes and fees collected under this section. The State Treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and monies earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The commissioner of administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the department, an amount necessary for the department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section:

(b) Next, the remainder of such funds shall be transferred to the Missouri veterans commission for health and care services for military veterans, including the following purposes: operations, maintenance and capital improvements of the Missouri veterans homes, the Missouri service officer's Program, and other services for veterans approved by the commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness. The Missouri veterans commission shall contract with other public agencies for the delivery of services beyond its expertise.

(c) All monies from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana for medical use, a record shall be kept by the seller which identifies, by secure and encrypted patient number issued by the seller to the qualifying patient involved in the sale, all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the department and the Department of Revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from, and in addition to, any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana for medical use.

(6) The fees and taxes provided for in this Article XIV, Section 1 shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

(7) The unexpended balance existing in the fund shall be exempt from the provisions of section 33.080 relating to the transfer of unexpended balances to the general revenue fund.]

Medical Cannabis shall be available to patients without taxation who have a physician's recommendation for its use.
(a) All patients engaged in Cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means, whether or not under the care of a physician.
(b) Licensed physicians shall not be penalized for, nor restricted from recommending and/or providing Cannabis for medical purposes to any person under their care.
(c) Veterinarians shall not be penalized nor restricted from recommending and/or providing Cannabis for medical purposes for any creature under their care.
(d) Any individual who is a Cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri Cannabis patient.
(e) Medical care, including organ transplants, shall not be restricted in any way based on a person's use of Cannabis.

[5. Additional Patient, Physician, Caregiver and Provider Protections.] **5. Zoning.**

[(1) Except as provided in this section, the possession of marijuana in quantities less than the limits of this section, or established by the department, and transportation of marijuana from a medical marijuana dispensary facility to the qualifying patient's residence shall not subject the possessor to arrest, criminal or civil liability, or sanctions under Missouri law, provided that the possessor produces on demand to the appropriate authority a valid qualifying patient identification card: a valid qualifying patient cultivation identification card; a valid physician certification while making application for an identification card: or a valid primary caregiver identification card. Production of the respective equivalent identification card or authorization issued by another state or political subdivision of another state shall also meet the requirements of this subdivision.

(2) No patient shall be denied access to or priority for an organ transplant because they hold a qualifying patient identification card or use marijuana for medical use.

(3) A physician shall not be subject to criminal or civil liability or sanctions under Missouri law or discipline by the Missouri State Board of Registration for the Healing Arts, or its successor agency, for owning, operating, investing in, being employed by, or contracting with any entity

licensed or certified pursuant to this section or issuing a physician certification to a patient diagnosed with a qualifying medical condition in a manner consistent with this section and legal standards of professional conduct.

(4) A health care provider shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or providing health care services that involve the medical use of marijuana consistent with this section and legal standards of professional conduct.

(5) A medical marijuana testing facility shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to the medical use of marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(6) A health care provider shall not be subject to mandatory reporting requirements for the medical use of marijuana by non-emancipated qualifying patients under eighteen years of age in a manner consistent with this section and with consent of a parent or guardian.

(7) A primary caregiver shall not be subject to criminal or civil liability or sanctions under Missouri law for purchasing, transporting, or administering marijuana for medical use to a qualifying patient or participating in the patient cultivation of up to six flowering marijuana plants per patient in a manner consistent with this section and generally established legal standards of personal or professional conduct.

(8) An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to prospective or licensed medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana dispensary facilities, medical marijuana-infused products manufacturing facilities, qualifying patients, primary caregivers, physicians, health care providers or others related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(9) Actions and conduct by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities licensed or registered with the department, or their employees or agents, as permitted by this section and in compliance with department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

(10) Nothing in this section shall provide immunity for negligence, either common law or statutorily created, nor criminal immunities for operating a vehicle, aircraft, dangerous device, or navigating a boat under the influence of marijuana.

(11) It is the public policy of the state of Missouri that contracts related to marijuana for medical use that are entered into by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities and those who allow property to be used by those entities, should be enforceable. It is the public policy of the state of Missouri that no contract entered into by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to medical marijuana may be prohibited by federal law.]

Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.

[6. Legislation.] **6. Law Enforcement and the Courts.**

[Nothing in this section shall limit the General Assembly from enacting laws consistent with this section, or otherwise effectuating the patient rights of this section. The legislature shall not enact laws that hinder the right of qualifying patients to access marijuana for medical use as granted by this section.]

Missouri's law enforcement and its courts shall protect Cannabis users and their property without discrimination, and with every bit the effort afforded to every citizen of Missouri and our nation.
(a) The use and/or possession of Cannabis shall not be grounds for issuing a "Driving under the influence" (DUI) stop, charge, arrest or fine(s) when operating or a passenger of a motor vehicle. Stops, charges, fines and arrests shall be the product of visible and/or previously proven non-Cannabis infractions of Missouri law.
(b) No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal Cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.
(c) Asset or Civil Forfeiture shall no longer be used in the state of Missouri through association with Cannabis, Cannabis cultivation, it's use and/or possession, in any way.
(d) Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, Cannabis-only offenses, which are no longer illegal in the State of Missouri under this Act, shall be immediately released.
(e) Within 60 days of the passage of this Act, a legal document shall be developed and made available to the public ordering the immediate destruction of all Cannabis-related non-violent civil and criminal records in Missouri and for any offense covered by this amendment which is no longer illegal in the State of Missouri under this Act. This document shall be distributed to all pertinent parties throughout the state.
(f) Within 60 days, Missouri's Courts shall order the immediate expungement of civil and criminal records pertaining to all non-violent Cannabis only offenses which are no longer illegal in the State of Missouri under this Act.

[7. Additional Provisions.] **7. Regarding Federal Law.**

[(1) Nothing in this section permits a person to:

(a) Consume marijuana for medical use in a jail or correctional facility;

(b) Undertake any task under the influence of marijuana when doing so would constitute negligence or professional malpractice; or

(c) Operate, navigate, or be in actual physical control of any dangerous device or motor vehicle, aircraft or motorboat while under the influence of marijuana; or

(d) Bring a claim against any employer, former employer, or prospective employer for wrongful discharge, discrimination, or any similar cause of action or remedy, based on the employer, former employer, or prospective employer prohibiting the employee, former employee, or prospective employee from being under the influence of marijuana while at work or disciplining the employee or former employee, up to and including termination from employment, for working or attempting to work while under the influence of marijuana.

(2) No medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility, or entity with a transportation certification shall be owned, in whole or in part, or have as an officer, director, board member, manager, or employee, any individual with a disqualifying felony offense. A "disqualifying felony offense" is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the department determines that:

(a) The person's conviction was for the medical use of marijuana or assisting in the medical use of marijuana; or

(b) The person's conviction was for a non-violent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses.

The department may consult with and rely on the records, advice and recommendations of the Attorney General and the Department of Public Safety, or their successor entities, in applying this subdivision.

(3) All medical marijuana cultivation facility, medical marijuana dispensary facility, and medical marijuana-infused products manufacturing facility licenses, entities with medical marijuana testing facility certifications, and entities with transportation certifications shall be held by entities that are majority owned by natural persons who have been citizens of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, entities outside the state of Missouri may own a minority stake in such entities.

(4) No medical marijuana cultivation facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility shall manufacture, package or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between a marijuana or marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional department sanction, up to and including loss of license.

(5) All edible marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with dosage amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled, in a font size at least as large as the largest other font size used on the package, as containing "Marijuana," or a " Marijuana-Infused Product." Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty.

(6) No individual shall serve as the primary caregiver for more than three qualifying patients.

(7) No qualifying patient shall consume marijuana for medical use in a public place, unless provided by law. Violation of this prohibition shall subject the violator to sanctions as provided by general law.

(8) No person shall extract resins from marijuana using dangerous materials or combustible gases without a medical marijuana-infused products manufacturing facility license. Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty and, if applicable, loss of their identification card, certificate, or license for up to one year.

(9) All qualifying patient cultivation shall take place in an enclosed, locked facility that is equipped with security devices that permit access only by the qualifying patient or by such patient's primary caregiver. Two qualifying patients, who both hold valid qualifying patient cultivation identification cards, may share one enclosed, locked facility. No more than twelve qualifying patient or primary caregiver cultivated flowering marijuana plants may be cultivated in a single, enclosed locked facility, except when a primary caregiver also holds a qualifying patient cultivation identification card, in which case no more than eighteen flowering marijuana plants may be cultivated in a single, enclosed, locked facility.

(10) No medical marijuana cultivation facility, medical marijuana dispensary facility, medical marijuana-infused products manufacturing facility, medical marijuana testing facility, or entity with a transportation certification shall assign, sell, give, lease, sublicense, or otherwise transfer its license or certificate to any other entity without the express consent of the department, not to be unreasonably withheld.

(11) Unless allowed by the local government, no new medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility shall be initially sited within one thousand feet of any then-existing elementary or secondary school, child day-care center, or church. No local government shall prohibit medical marijuana cultivation facilities, medical marijuana testing facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities, or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana-infused products manufacturing facility, medical marijuana dispensary facility, or entity holding a transportation certification that may operate in such locality.

(12) Unless superseded by federal law or an amendment to this Constitution, a physician shall not certify a qualifying condition for a patient by any means other than providing a physician certification for the patient, whether handwritten, electronic, or in another commonly used format. A qualifying patient must obtain a new physician certification at least annually.

(13) A physician shall not issue a certification for the medical use of marijuana for a non-emancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. The department shall not issue a qualifying patient identification card on behalf of a non-emancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. Such card shall be issued to one of the parents or guardians and not directly to the patient. Only a parent or guardian may serve as a primary caregiver for a non-emancipated qualifying patient under the age of eighteen. Only the qualifying patient's parent or guardian shall purchase or possess medical marijuana for a non-emancipated qualifying patient under the age of eighteen. A parent or guardian shall supervise the administration of medical marijuana to a non-emancipated qualifying patient under the age of eighteen.

(14) Nothing in this section shall be construed as mandating health insurance coverage of medical marijuana for qualifying patient use.

(15) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for medical use or for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.]

Pursuant to the Ninth and Tenth Amendments to the Constitution of the United States, the people of Missouri hereby repudiate and challenge federal Cannabis prohibitions that conflict with this Act.

[8. Severability.] **8. Existing Local, State and Federal Law.**

[The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.]

All provisions of this section shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

[9. Effective Date.] **9. Implementation.**

[The provisions of this section shall become effective on December 6, 2018.]

The dictates of this Initiative, unless otherwise indicated by this initiative, shall be implemented no later than **January 31st, 2021.**

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-070)

Subject

Initiative petition from Mark Pedersen regarding a proposed constitutional amendment to Article XIV of the Constitution of Missouri. (Received June 12, 2019)

Date

July 2, 2019

Description

This proposal would amend Article XIV of the Constitution of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Missouri Office of**

Prosecution Services, the **Kansas City Board of Police Commissioners,** and the **Metropolitan Police Department - City of St. Louis.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated the initiative petition has no impact on their department.

Officials from the **Department of Health and Senior Services** indicated the cost savings will be $0 for fiscal year 2020, unknown to greater than or less than $3,365,858 for fiscal year 2021, and unknown to greater than or less than $5,458,381 for fiscal year 2022.

This proposal will affect the Missouri Veteran's Commission.

This could reduce new small business opportunities.

This proposed legislation repeals Section 1, Article XIV, Constitution of Missouri relating to medical marijuana for patients with serious illnesses and medical conditions and replaces it with legalized cannabis for personal or medical use. The current law stipulates the minimum number of facilities to be licensed, the application and operation fees associated with each type of facility, the type of qualifying cardholder, and the fee amount per card.

The total revenue received in fiscal year (FY) 2020 from application, licensing and certification fees is projected to be $12,124,800. It is estimated that revenues from these sources will decrease by 50% in FY 2021 to $6,062,400 and to unknown in FY 2022.

There will also be a decrease in revenue from the four percent sales tax no longer being collected on the retail sale of medical marijuana. There are no established sales trends on which sales for FY 2021 can be estimated, therefore the retail sales of medical marijuana in FY 2021 are unknown. The annual loss of tax revenue as a result is also unknown.

The total loss to state revenue will be an unknown amount greater than $6,062,400 in FY 2021.

https://www.statista.com/statistics/587017/medical-marijuana-user-monthly-expenditure-cannabis-products/

Section 1, Article XIV, Constitution of Missouri

This proposed legislation places on the ballot in November 2020 a proposed amendment to the Constitution that repeals Section 1, Article XIV, Constitution of Missouri relating to medical marijuana for patients with serious illnesses and medical conditions and replaces it with legalized cannabis for personal or medical use. The dictates of this initiative must be implemented no later than January 31, 2021. The Department of Health and Senior Services' (DHSS) assumes that the dictates in the initiative will be completed by December 31, 2020, and, as a result, six months of expenses will be avoided in FY 2021.

The proposed legislation would repeal the Department's authority and funding for its medical marijuana regulatory program. As a result, DHSS would no longer require and would be unable to support the 52 FTE and expenditures associated with administering the medical marijuana program. The avoidance of these expenditures, coupled with the unknown revenue receipts, will result in an unknown impact to the Missouri Veterans Health and Care Fund of unknown to greater than or less than $3,365,858 for FY21.

In as much as both the revenue into and expenses from the Veteran's Health Fund are unknown, there could be an unknown balance in the Veteran's Health Fund when the proposed legislation goes into effect. It is unknown what the distribution of the fund balance would be.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact of costs savings of $157,175 in fiscal year 2021, $778,038 in fiscal year 2022, $1,328,713 in fiscal year 2027.

The estimate of the impact of this amendment is determined by a standard response of looking at persons committed for marijuana-only offenses. In 2018, thirty people were incarcerated and 383 given probationary terms of cannabis-only violations. The average

sentence is 7.0 years with 0.9 served before first release; the average probationary term is three years.

Passage of Initiative Petition (IP) 2020-070 is estimated to result in 30 fewer persons incarcerated and 383 fewer persons entering probationary supervision per year in their department. The full impact of the bill occurs in fiscal year (FY) 2026 with 90 fewer persons incarcerated and 1269 fewer persons on field supervision. This results in a reduction of 10 (Probation and Parole) P&P officers by FY2026. Their department cost of incarceration in $17.224 per day or an annual cost of $6,287 per offender. Their department cost of probation or parole is determined by the number of P&P Officer II positions that would be needed to cover the new caseload.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated IP 20-070 is a proposed constitutional amendment to Article XIV that will change to include recreational marijuana. They would like to point out that this is a fiscal estimate, and the numbers that were used were the newest numbers the Department could find when researching this issue. Also, with Illinois being the newest state to legalize recreational marijuana this year, this fiscal estimate could be much lower.

They would also like to point out this initiative petition has no legal buying age limit. Their fiscal analysis will be 21 years and older due to that has been the legal age of all the states that have legalized it thus far.

First, they would like to include the fiscal analysis of the 2018 constitutional amendment that regarding medical marijuana. This amendment passed. IP 20-070 will essentially change the market to recreational, which would be taxed at the state rate of 4.225%, and it will exempt medical marijuana from tax. This eliminates the money that was slated to go into the Veterans Health Fund, and the Show Me Health Access Fund. Below is the fiscal estimates given by their department for the medical marijuana amendment that passed last year. They will consider these to be a loss for the purposes of this fiscal note.

Fund	Tax Rate	FY 2021	FY 2027
Veterans Health Fund	0.04%	$ 0.02	$ 0.06
Show the Me Health Access Fund	0.12%	$ 0.05	$ 0.19
Unknown Fund	3.84%	$ 1.57	$ 6.11
Total Excise Revenue		$ 1.64	$ 6.36

(numbers in millions)

Current 2017 Data (https://www.samhsa.gov/data/report/comparison-2015-2016-and-2016-2017-nsduh-population-percentages-50-states-and-district) suggests that 14.73% of the US population surveyed participated in recreational marijuana use in the last year. That same study also suggests 13.95% of Missourians surveyed participated in recreational

marijuana use in the last year. The 2017 Census estimates for US population age 21+ is 234,116,784, and Missouri's 21+ is 4,435,966. They then multiplied the population number by the percentage number to get the number of marijuana users in the US and the State of Missouri. The US had an estimated 34,485,402 people that had participated in recreational marijuana use in the last year, and Missouri had an estimated 618,817 people that had participated in recreational marijuana use in the last year.

They then determined how many of those marijuana users would be part of the medical marijuana population. Here they utilized an article published by the St. Louis Post Dispatch regarding a study done by the state and numbers the marijuana association in Missouri uses on estimating those who will potentially be part of the medical marijuana population. They will assume for this fiscal note that an estimated 65,547 Missourians will be part of the medical marijuana population. This had to be determined due to this will be the amount that will be tax exempt per IP 20-070.

They determined the percentage of Missouri's market to the US market. This is done by dividing the number of people that participated in recreational marijuana use in Missouri by the number of people that participated in recreational marijuana use in the US. They estimated that Missouri's market percentage in the US minus medical is 1.60%. It is estimated that in 2021 the US marijuana market will total $24.5 billion, and by 2027 it could be as much as $47.3 billion. Using these numbers they estimate that in 2021 the Missouri market will be at $393,068,383.

Using the Missouri marijuana market numbers, they estimate that the following:

MO Sales	**2021**	**2027**
General Revenue	$ 11,792,051	$ 22,765,879
Education	$ 3,930,684	$ 7,588,626
Conservation	$ 491,335	$ 948,578
Parks, soil, water	$ 393,068	$ 758,863
Total State Revenue (TSR)	$ 16,607,139	$ 32,061,946

Local Sales Tax	$ 15,329,667	$ 29,595,643

*Local Sales Tax was figured with an average sales tax rate of 3.9%.

TSR	$ 16,607,139	$ 32,061,946
Previous Medical Marijuana	*$ 1,640,000*	*$ 6,360,000*
IP-20-070 Total Impact	**$ 14,767,139**	**$ 25,701,946**

Officials from the **Department of Public Safety - Office of Director** indicated they see no fiscal impact due to this initiative petition. They also indicated they forwarded this to the Department of Public Safety - Alcohol and Tobacco Control (ATC) Division and ATC officials indicated they see no fiscal impact.

Department of Public Safety - Division of Missouri State Highway Patrol indicated:

The Patrol's Criminal Justice Information Services Division (CJIS) processes all requests for expungements for criminal history records, and the requests are processed by a CJIS Technician. This person reviews criminal history records, contacts agencies associated with the arrests or convictions, and collects all necessary data for court orders.

As of January 2017, there were 95,550 marijuana-related arrest charges in the Central Repository. The expungement process takes approximately 90 minutes, so 1 full-time employee (FTE) could handle 1,243 expungements per year.

- 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

- 111,840 minutes per year / 90 minutes per expungement = 1,243 expungements per year per FTE

- 95,550 records / 1,243 per FTE per year = 77 FTE

Additionally, the Patrol Records Division (PRD) processes all petitions and court orders relating to expungement of marijuana-related traffic arrests.

There are currently 113,922 traffic arrest records in the system. The expungement process takes approximately 30 minutes, so 1 FTE could handle 3,728 expungements per year.

- 111,840 minutes per year / 30 minutes per expungement = 3,728 expungements per year per FTE

- 113,922 records / 3,728 per FTE per year = 31 FTE

The Patrol would also need to replace all 10 of its canines. The Patrol's canines are currently trained using Cannabis/Marijuana as one of the drugs to which they alert. If this initiative were to pass, each canine would have to be retired and replaced. The purchase and initial training for a canine is approximately $22,000. Since the Patrol contracts its canine training, the time to train all 10 canines could take up to 2 years.

As a result, the anticipated total initial cost to the Patrol will be **$7,388,617**, as follows:

$6,249,429	Salary and fringe benefits for 77 CJIS Technicians and 31 PRD Technicians
$385,128	Expense and Equipment for the 108 FTE
$534,060	Rental space, janitorial, utilities for the 108 FTE
$220,000	Cost of replacing and training 10 canines
$7,388,617	Total Cost

With the time involved in hiring and training FTE, processing expungements, and replacing canines, the Patrol anticipates this being a 2-year project, after which time the FTE would be terminated.

Missouri State Highway Patrol - Comments and Concerns:

In 2009, Colorado traffic fatalities involving drivers testing positive for marijuana represented 9% of the total traffic fatalities. Recreational marijuana use was legalized in 2012. By 2016, that number more than doubled to 21%.

Marijuana-related traffic deaths increased 66% in the four-year average (2013-2016) since Colorado legalized recreational marijuana compared to the four-year average (2009-2012) prior to legalization.

Marijuana-related deaths when a driver tested positive for marijuana more than doubled from 55 deaths in 2013 to 125 deaths in 2016.

The yearly number of marijuana related hospitalizations increased 72% after the legalization of marijuana, (2009-2012) vs. (2013-2016).

Colorado youth past month marijuana use for 2014/2015 was 55% higher than the national average.

The average THC (tetrahydrocannabinol) levels in marijuana has increased significantly over the years: 1969-0.8%, 1995-4%, 2013-13%; 2017-20+%; Oil, 1995-13%, 2013-52%; highest Plant 38%, highest oil 95%+.

In Missouri, medical marijuana was legalized by Amendment 2 and took effect December 2018. As of June 10, 2019, 12 states have legalized recreational marijuana and 29 states have legalized medical marijuana. In a roadside 2013-2014 NHTSA roadside survey, 20% of the nighttime and weekend drivers tested positive for drugs. Interestingly, the number of daytime drugged drivers was approximately the same amount as night and weekend drugged drivers. A roadside study in Colorado and Washington, the first two states to legalize marijuana for recreational use, showed the primary increase of marijuana users happened to their daytime drivers. The percent of drivers that tested positive for marijuana during the day went from 8%, before recreational marijuana sales, to 23%, 6-12 months after marijuana was legalized. There was a 48% increase in weekend nighttime drivers testing positive for THC or 11-OH-THC (an active metabolite of THC) from 2007 to 2014.

Montana legalized medical marijuana in 2004 and from 2007-2010, the presence of marijuana in DUI suspects increased over 100%. Also, the number of DUI suspects who tested positive for alcohol and marijuana increased by over 180%.

Medical marijuana has been legal in the state of Colorado since 2000. On November 12, 2012, the state of Colorado passed Amendment 64, which legalized private use of marijuana. Per the Colorado State Patrol's driving under the influence statistics, marijuana

DUI citations increased 25.5% from 2014 to 2018 and marijuana and alcohol citations increased 112% in the same time range. As marijuana becomes legalized, its use increases.

The three years after Colorado legalized marijuana for recreational use (2013-2015), its use increased in youth ages 12-17, by 12%, in young adults aged 18-25 by 16%, and adults 26 in older by 71%. By removing the recommended acceptable ages of use, zoning regulations, packaging, and advertising of cannabis/marijuana, the risk of use and abuse of marijuana by the youth of Missouri is substantially increased. This category of Missourians, who recent studies have shown significant long-term cognitive impairment when marijuana is ingested during the developmental years, would be affected (16)(b) of the initiative petition defines cannabis as including "any variety of Cannabis, including any derivative, concentrate, extract, flower...". The Patrol recommends this definition ***not*** include concentrates or extracts. Concentrates and extracts can reach THC concentrations into the 90%+ range. Naturally occurring cannabis plants typically contain 3-6% THC. Some cannabis cultivators have genetically manipulated the cannabis plant to produce high THC concentrations, up to 30%. There is little to no research done to show the short/long term health effects from such high THC concentrations.

(16)(e) defines cannabis accessories as "any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing Cannabis into and/or onto the human body". The Patrol recommends "any equipment, products, or materials of any kind that are used, intended for use, or designed for use" be removed. Reading this definition, this could include combustible solvents that are commonly used to manipulate or extract cannabinoids from the cannabis plant. Solvents, such a butane, are unstable and commonly combust when not used properly or for their intended use.

(25)(g) states "No one shall be denied employment solely based on their use of cannabis". Per the National Institute on Drug Abuse, studies suggest there is a link between marijuana use and an increase risk of injury and accidents in the workplace. One study found employees who tested positive for marijuana, pre-employment, had 55% more accidents, 85% more injuries and 75% greater absenteeism, when compared to employees who did not test positive for marijuana. The Patrol recommends this be removed and employers still have the right to deny employment and put policies and procedures in place which prohibits their employees from cannabis use.

(25)(h) states "The use and/or possession of Cannabis shall in no way impede one's legal right to possess a firearm". The Patrol recommends this be completely removed from the proposal. Federal law, 18 U.S.C. 922(g)(3), prohibits any person who is an unlawful user of or addicted to any controlled substance (as defined in section 102 of the Controlled Substances Abuse Act (21 U.S.C. 802) from shipping, transporting, receiving or possession of firearms or ammunition. Marijuana is listed in the Controlled Substances Act as a Schedule 1 controlled substance, and there are no exceptions in Federal Law for marijuana purportedly used for medicinal purposes, even if such use is sanctioned by State Law.

The Medical section states "Medical Cannabis shall be available to patients without taxation who have a physician's recommendation...." The Patrol would like clarification of this statement. Does this remove the 4% tax on medical marijuana under Amendment 2?

The Patrol recommends a $75 fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing criminal histories, as well as contacting various agencies associated with arrests (in researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements - their fees ranged from $50 to $450 per petition per arrest date).

This initiative provides specific employment protections for those who use Cannabis/Marijuana. Such use while serving in any law enforcement related position not only creates public safety concerns, but also quality control and security issues when working with highly sensitive material or information. Additionally, the Patrol receives federal grant funding, subject to audits, that require a drug free workplace policy. For these reasons, the Patrol feels it is essential that it be allowed to continue administering drug testing for new employees, as well as random tests, critical incident tests, etc.

Additionally, the initiative does not contain any language concerning the amount of marijuana an individual may transport, purchase or sell. Also, there is no language as to where the marijuana may be transported. A lack of guidance may allow for Missouri marijuana facilities to distribute marijuana outside of the state, or allow other states to distribute their marijuana in Missouri. A lack of such language could lead to Missouri being a distribution starting point for states where marijuana remains illegal.

Finally, if passed, the initiative petition will remove Cannabis/Marijuana from Missouri Revised Statutes and create conflict with both Federal and State laws, such as the use or possession of a firearm. As the Patrol has officers assigned to federal task forces that may be involved in a federal drug operation, there are concerns over potential civil litigation resulting from these types of operations, as marijuana is still classified as a Schedule I controlled substance.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition will have a negative impact on MoDOT and the MSHP/MoDOT Medical Plan.

Amendment 2 from 2018 allowed patients with qualifying medical conditions to use medical marijuana for treatment under the supervision of a physician. However, **consumption of medical marijuana in a public place and driving under the influence of marijuana are still illegal** and there is no criminal or civil immunity for **operating a vehicle, aircraft, dangerous device, or navigating a boat under the influence of marijuana**. Additionally, an employee cannot bring a claim for wrongful discharge, discrimination, or any similar cause of action or remedy based on an employer prohibiting the employee from being under the influence of marijuana while at work; or disciplining the employee for working or attempting to work while under the influence of marijuana. Amendment 2 from 2018 also included language regarding taxation and reporting as well as general regulation and oversight of medical marijuana. **Amendment 2 from 2018 also explicitly stated that nothing in the amendment shall be construed as mandating health insurance coverage of medical marijuana for qualifying patient use**.

Their understanding is that this initiative petition is amending the Missouri Constitution to remove all of the language that was added in 2018 with the passage of Amendment 2 and add language that significantly expands the legal use of marijuana to include both medical and personal use.

Their main concern is with "No one shall be denied employment solely based on their use of Cannabis." This initiative petition appears to **permit employees to work while under the influence of marijuana and would not allow an employer to terminate employment if the employee is under the influence of marijuana at work**. This presents **significant safety and productivity concerns for MoDOT**. Additionally, **MoDOT must comply with the Federal DOT regulations for safety-sensitive employees** which requires employees to be removed from their safety-sensitive duties if they test positive for marijuana on a drug test unless they complete the Return-to-Duty process outlined in the DOT regulations. MoDOT is not required to use this Return-to-Duty process. It may instead terminate employment upon receiving a verified positive drug test. In fact, due to the cost and difficulty of requiring the Return-to-Duty process MoDOT encountered in the past, MoDOT's policy now requires termination of employment for a positive drug test for marijuana. Furthermore, the **Federal Drug-Free Workplace Act explicitly requires policies prohibiting the unlawful use, possession, or distribution of any Schedule I controlled substance for employees performing work in connection with a Federal grant or contract**.

Another concern is that Amendment 2 from 2018 explicitly stated that nothing in the amendment shall be construed as mandating health insurance coverage of medical marijuana for qualifying patient use. This language is not included in this initiative petition. In fact, **language has been added to state that "all patients engaged in Cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means, whether or not under the care of a physician. Therefore, there may be an argument that the MSHP/MoDOT medical plan must cover medical marijuana use. This would have a negative fiscal impact on the MSHP/MoDOT Medical Plan.**

Furthermore, the initiative petition specifically states that "Cannabis shall no longer be considered a controlled substance or a drug…" The added language also states that the use and/or possession of Cannabis shall not be grounds for issuing a DUI stop, charge, arrest or fine when operating or a passenger of a motor vehicle. This presents **significant safety concerns for the traveling public**, which conflicts with MoDOT's mission.

In sum, this initiative petition would have negative impacts far beyond fiscal loss via the medical plan due to highway safety and federal compliance issues.

The federal compliance realm is unknown to them, and the federal government could sanction Missouri's highway funds. This is from their 2018 response to several initiative petitions:

Changes to Missouri's state driving laws could impact some federal commercial drivers' license laws.

Failure to comply with 49 C.F.R. 384.225 and 384.226 could result in a withholding of Missouri's federal-aid highway funds apportioned to it under each of Title 23, United States Code (U.S.C.), sections 104(b)(1), (b)(3), and (b)(4). The federal funds impacted consist of national highway performance program funds, highway safety improvement program funds, and congestion mitigation and air quality improvement funds. The withholding amount would be four percent for the first year of non-compliance and eight percent for the second and subsequent years.

This still holds true because they simply cannot say with certainty how the federal government would react, as they generally only acts in a reactive manner to legislation.

Officials from the **Office of Administration** this proposal amends Article XIV, Section 1 of the Missouri Constitution by repealing all of the medical marijuana language that was voter approved in November 2018 and replacing it with language for recreational marijuana.

Section 1.1 states that cannabis shall immediately be removed from the Missouri Revised Statutes list of controlled substances. **Section 1.6** requires, upon passage of the act, the immediate release of all persons incarcerated or under Probation and Parole supervision for non-violent cannabis-only offenses as well as expungement of their records pertaining to these offenses within 60 days. The Office of Administration, Division of Budget and Planning (B&P) defers to the Department of Corrections for the estimated impact from this provision.

Section 1.4 states that medical cannabis shall be available to patients without taxation as long as a patient has a physician's recommendation. B&P notes that it is unclear if the term "recommendation" refers to a medical prescription or simply a suggestion. B&P further notes that if "recommendation" is interpreted to mean anything other than prescription, potential subsequent sales and/or excise tax revenues to the state could be significantly

negatively impacted. B&P also notes that this proposal does not include any regulatory framework or specify any agency responsible for enforcement of medical marijuana sales.

B&P notes that no specific tax levy is included within this proposal. Therefore, B&P assumes that only current state and local sales taxes would be applied to the sale of non-medical cannabis. This would eliminate the 4% tax on medical marijuana sales that under current law is dedicated to the Missouri Veterans' Health and Care Fund.

B&P further notes that this proposal does not specify the age individuals must be to purchase cannabis. For the purpose of this fiscal note, B&P assumes that an individual must be at least 18 years old; however, as written, it appears that minors could also purchase cannabis. A change in the age assumption could change the estimated fiscal note impacts shown below.

Based on research, B&P was able to find forecasts for the U.S. legal market for cannabis[1]. According to such forecasts, the U.S. market for legal marijuana will be approximately $24.5 billion in calendar year 2021 and grow up to $47.3 billion by calendar year 2027. Based on information from the Substance Abuse and Mental Health Services Administration[2], from 2016-2017 approximately 13.95% of Missouri residents and 14.73% of all U.S. residents surveyed have used marijuana within the last year. Using the populations of Missouri residents age 18 and over compared to the U.S. population age 18 and over, B&P estimates that the market for legal marijuana in Missouri is 1.79% of the total U.S. market. Therefore, B&P estimates that the Missouri market for legal marijuana would be approximately $439.5 million in calendar year 2021 ($24.5 billion x 1.79%) and up to $848.4 million by calendar year 2027 ($47.3 billion x 1.79%).

Based on further research[3], B&P estimates that there could be between 61,700 to 122,500 medical marijuana users in Missouri. Using these estimates, and the estimates shown above, B&P estimates that the Missouri market for medical marijuana would be between 0.17% and 0.34% of the total U.S. Market for legal marijuana. Therefore, B&P estimates that the total Missouri market for recreational marijuana would be 1.46% to 1.62% of the total U.S. market. Table 1 shows the estimated U.S. and Missouri markets for marijuana.

[1] https://cannabusinessplans.com/cannabis-legal-market-size-projections/
[2] https://www.samhsa.gov/data/report/comparison-2015-2016-and-2016-2017-nsduh-population-percentages-50-states-and-district
[3] https://www.stltoday.com/news/local/metro/plenty-of-pot-study-says-missouri-will-license-twice-as/article_e94469b0-e1c6-5893-bc2e-e1d7b24f4a73.html

Table 1: Estimated Marijuana Market Size for the U.S. and Missouri

Calendar Year	Estimated U.S. Market Size	Estimated MO Market Size	Estimated MO Medical Market Size	Estimated MO Recreational Market Size
2021	$24,500,000,000	$439,465,251	$41,480,436	$ 397,984,815
2022	$28,300,000,000	$507,627,209	$61,066,553	$ 446,560,656
2023	$32,100,000,000	$575,789,166	$80,652,669	$ 495,136,497
2024	$35,900,000,000	$643,951,123	$100,238,785	$ 543,712,338
2025	$39,700,000,000	$712,113,081	$119,824,901	$ 592,288,179
2026	$43,500,000,000	$780,275,038	$139,411,018	$ 640,864,020
2027	$47,300,000,000	$848,436,996	$158,997,134	$ 689,439,861

Based on the estimates for the medical marijuana market, B&P estimates that the Missouri Veterans' Health and Care Fund would lose ($1.6 million) in funding during calendar year 2021. By calendar year 2027, the Fund would lose up to ($6.4 million).

Applying the state sales tax rate of 4.225% and excluding the estimated market for medical marijuana B&P estimates that this proposal may increase state revenues by $15.2 million in calendar year 2021. By calendar year 2027, B&P estimates that this proposal may increase state revenues by $22.8 million. This proposal could also increase local revenues by $15.4 million in calendar year 2021 and $26.6 million by calendar year 2027. Table 2 shows the estimated revenues generated by calendar year.

Table 2: Sales Tax Collections by Calendar Year

Fund	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
GR (3.0% tax)	$11,939,544	$13,396,820	$14,854,095	$16,311,370	$17,768,645	$19,225,921	$20,683,196
Education (1.0% tax)	$3,979,848	$4,465,607	$4,951,365	$5,437,123	$5,922,882	$6,408,640	$6,894,399
Conservation (0.125% tax)	$497,481	$558,201	$618,921	$679,640	$740,360	$801,080	$861,800
Parks, soil, water (0.1% tax)	$397,985	$446,561	$495,136	$543,712	$592,288	$640,864	$689,440
Veterans' Health and Care Fund (4.0% tax)	($1,659,217)	($2,442,662)	($3,226,107)	($4,009,551)	($4,792,996)	($5,576,441)	($6,359,885)
TSR (total 4.225% state sales tax)	$15,155,641	$16,424,526	$17,693,410	$18,962,295	$20,231,180	$21,500,064	$22,768,949
Local Revenue (pop. weighted local rate 3.86%)	$15,362,214	$17,237,241	$19,112,269	$20,987,296	$22,862,324	$24,737,351	$26,612,379

However, B&P notes that if voter approved in November 2020, this proposal would not be enacted until January 1, 2021 which is halfway through FY 2021. Based on historical sales tax collection data, B&P adjusts calendar year collections 50% into the first fiscal year and 50% into the second fiscal year. Therefore, B&P estimates that this proposal will increase

state revenues by $7.6 million in FY 2021. BY FY 2028, this proposal may increase state revenues by $22.8 million. This proposal may also increase local revenues by $7.7 million in FY 2021 and up to $26.6 million by FY 2028. Table 3 shows the estimated revenue generated by fiscal year.

Table 3: Sales Tax Collections by Fiscal Year

Fund	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
GR	$5,969,772	$12,668,182	$14,125,457	$15,582,733	$17,040,008	$18,497,283	$19,954,558	$20,683,196
Education	$1,989,924	$4,222,727	$4,708,486	$5,194,244	$5,680,003	$6,165,761	$6,651,519	$6,894,399
Conservation	$248,741	$527,841	$588,561	$649,281	$710,000	$770,720	$831,440	$861,800
Parks, soil, water	$198,992	$422,273	$470,849	$519,424	$568,000	$616,576	$665,152	$689,440
Veterans' Health & Care Fund	($829,609)	($2,050,940)	($2,834,384)	($3,617,829)	($4,401,274)	($5,184,718)	($5,968,163)	($6,359,885)
TSR	$7,577,820	$15,790,083	$17,058,968	$18,327,853	$19,596,737	$20,865,622	$22,134,506	$22,768,949
Local Revenue	$7,681,107	$16,299,728	$18,174,755	$20,049,783	$21,924,810	$23,799,837	$25,674,865	$26,612,379

B&P notes that due to the bill's lack of clarity concerning what constitutes a medical marijuana exemption and the age required to purchase, these estimates may be different from actual collections.

Section 1.5 states that cannabis farmers, manufacturers, and distributors shall not be subject to special zoning or license fees that are contrary to any other commercial or agriculture business. B&P notes that under Amendment 2 (which this language is replacing) medical marijuana facilities are subject to various license and renewal fees. B&P defers to the Department of Health and Senior Services for the potential lost revenue from the removal of the current language.

Section 1.8 states that all provisions of Section 1 shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution. B&P notes that state law may not supersede federal law.

Officials from the **Office of State Courts Administrator** indicated the initiative petition proposes a constitutional amendment to Article XIV to modify the current provisions of the Missouri Constitution relating to legalization of marijuana.

The average of all marijuana related charge codes from 2012 to 2016 for Circuit case types is 11,537 per year. The average of all marijuana related charge codes from 2012 to 2016 for Associate case types is 8,765. They are unable to determine what number of these charges were for someone over the age of twenty-one.

The following Criminal Court Costs would be affected by this proposed legislation:

Criminal Court Costs		
Felony Case Costs	**Amount of Cost**	**Disburse to State/County**
Basic Civil Legal Services Fund surcharge	$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$45.00	State of Missouri - General Revenue $36, County $9
County Fee	$75.00	County
Court Automation Fund Fee	$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards & Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$279.50**	
Misdemeanor Case Costs		

Basic Civil Legal Services Fund surcharge	$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$15.00	$12 State of Missouri / $3 County
County Fee	$25.00	County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	$0.50 State of Missouri / $0.50 County
Sheriffs' fee	$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$102.50**	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	$15.00	$12 State of Missouri / $3 County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund

Sheriffs' Retirement Fund surcharge	$3.00	Sheriffs' Retirement Fund
Total	**$33.50**	
Criminal Costs Not Included Above		
Drug Testing by a State Lab	$150.00	State of Missouri
Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts.

They also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time they are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY (fiscal year) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender (MSPD), since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track their cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2018 MSPD data, is that this would reduce their caseload by 4,046 cases (149 A/B felonies, 2,911 C/D felonies, and 986 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards*, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 4,046 cases, those cases require 89,530 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 43 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, the Missouri State Public Defender already is significantly understaffed by 289 attorneys under the workload standards developed in *The Missouri Project*. (The 289 attorneys is a conservative estimate of the under-staffing in that it assumes they contract all conflicts to private attorneys, which they are not able to do for budgetary reasons).

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 43 attorneys how much money needs to be added to their budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there is anticipated costs to the County of Greene for this initiative petition, per the following information concerning this initiative petition.: https://static1.squarespace.com/static/5541a76ae4b0175cee8827d0/t/580684e5ff7c50adea98399e/1476822252561/Letter+to+CA+from+Denver+DA.jpgI provided by their County Prosecutor, Dan Patterson.

To fully understand the fiscal impact would require a very detailed study to give the best opportunity to understand the impact to law enforcement, prosecutors and the circuit courts within the proposed changes of this initiative petition, which the attached letter demonstrates occurred in Colorado after similar legislation passed.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202
Bus. Phone: 720-913-900
Fax: 720-913-903

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from the **City of Kansas City** indicated this initiative petition may have a fiscal impact on their city (because it makes medical cannabis available without taxation) in an unknown amount because they have no current sales for which to extrapolate a forecast. Some sort of business license fee could still be collected, but they likewise cannot forecast the impact (positive or negative).

The State Auditor's office did not receive a response from the **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Missouri Office of Prosecution Services,** the **Kansas City Board of Police Commissioners,** and the **Metropolitan Police Department - City of St. Louis.**

Fiscal Note Summary

State governmental entities expect increased revenues of at least $10.7 million annually and savings of at least $6.8 million annually by 2027. Local governmental entities are expected to have revenue increases of at least $26.6 million annually by 2027 and are expected to have cost increases of an unknown amount.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

May 30, 2019

RECEIVED
MAY 30 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mark Pedersen regarding a proposed constitutional amendment to Article XIV (2020-069)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mark Pedersen on May 29, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the **3rd** day of November, **2020**, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
2019 MAY 29 PM 3:50

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF

_____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong. Dist.	NAME (Print or Typed)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
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10.						
11.						
12.						
13.						
14.						
15.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Address of Affiant

_____
Printed Name of Affiant

_____
Signature of Notary

Subscribed and sworn to before me, this _____ day of _____, A.D. _____ .

_____
Address of Notary

Notary Public (Seal)

My commission expires _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends Article XIV Section 1 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all of the underlined matters as required pursuant to Section 116.050 RSMo.

Section 1. [Right to Access medical marijuana.] Missouri Cannabis Restoration and Protection [– 1. Purposes.]

1. Clarification as a substance.

[This section is intended to permit state-licensed physicians to recommend marijuana for medical purposes to patients with serious illnesses and medical conditions. The section allows patients with qualifying medical conditions the right to discuss freely with their physicians the possible benefits of medical marijuana use, the right of their physicians to provide professional advice concerning the same, and the right to use medical marijuana for treatment under the supervision of a physician.

This section is intended to make only those changes to Missouri laws that are necessary to protect patients, their primary caregivers, and their physicians from civil and criminal penalties, and to allow for the limited legal production, distribution, sale and purchase of marijuana for medical use. This section is not intended to change current civil and criminal laws governing the use of marijuana for nonmedical purposes. The section does not allow for the public use of marijuana and driving under the influence of marijuana.]

Cannabis shall immediately be removed from the Missouri Revised Statutes list of controlled substances and shall no longer be listed among Missouri's drug schedules. Cannabis shall no longer be considered a controlled substance or a drug, hence forth by Missouri law, by the passage of this initiative.

[2. Definitions.] **2. Definitions.**

[(1) "Administer" means the direct application of marijuana to a qualifying patient by way of any of the following methods:

(a) Ingestion of capsules, teas, oils, and other marijuana-infused products;

(b) Vaporization or smoking of dried flowers, buds, plant material, extracts, or oils;

(c) Application of ointments or balms;

(d) Transdermal patches and suppositories;

(e) Consuming marijuana-infused food products; or

(f) Any other method recommended by a qualifying patient's physician.

(2) "Department" means the Department of Health and Senior services, or its successor agency.

(3) "Entity" means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) "Flowering plant" means a marijuana plant from the time it exhibits the first signs of sexual maturity through harvest.

(5) "Marijuana" or "marihuana" means *Cannabis indica, Cannabis sativa, and Cannabis ruderalis,* hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana, as well as resin extracted from the plant and marijuana-infused products. "marijuana" or "Marihuana" do not include industrial hemp containing a crop-wide average tetrahydrocannabinol concentration that does not exceed three-tenths of one percent on a dry weight basis, or commodities or products manufactured from industrial hemp.

(6) "Marijuana-infused products" means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(7) "Medical marijuana cultivation facility" means a facility licensed by the department, to acquire, cultivate, process, store, transport, and sell marijuana to a medical marijuana dispensary facility, medical marijuana testing facility, or to a medical marijuana-infused products manufacturing facility.

(8) "Medical marijuana dispensary facility" means a facility licensed by the department, to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and drug paraphernalia used to administer marijuana as provided for in this section to a qualifying patient, a primary caregiver, another medical marijuana dispensary facility, a medical marijuana testing facility, or a medical marijuana-infused products manufacturing facility.

(9) "Medical marijuana-infused products manufacturing facility" means a facility licensed by the department, to acquire, store, manufacture, transport, and sell marijuana-infused products to a medical marijuana dispensary facility, a medical marijuana testing facility, or to another medical marijuana-infused products manufacturing facility.

(10) "Medical marijuana testing facility" means a facility certified by the department, to acquire, test, certify, and transport marijuana.

(11) "Medical use" means the production, possession, delivery, distribution, transportation, or administration of marijuana or a marijuana-infused product, or drug paraphernalia used to administer marijuana or a marijuana-infused product, for the benefit of a qualifying patient to mitigate the symptoms or effects of the patient's qualifying medical condition.

(12) "Physician" means an individual who is licensed and in good standing to practice medicine or osteopathy under Missouri law.

(13) "Physician certification" means a document, whether handwritten, electronic or in another commonly used format, signed by a physician and stating that, in the physician's professional opinion, the patient suffers from a qualifying medical condition.

(14) "Primary caregiver" means an individual twenty-one years of age or older who has significant responsibility for managing the well-being of a qualifying patient and who is designated as such on the primary caregiver's application for an identification card under this section or in other written notification to the department.

(15) "Qualifying medical condition" means the condition of, symptoms related to, or side-effects from the treatment of:

(a) Cancer;

(b) Epilepsy;

(c) Glaucoma;

(d) Intractable migraines unresponsive to other treatment;

(e) A chronic medical condition that causes severe, persistent pain or persistent muscle spasms, including but not limited to those associated with multiple sclerosis, seizures, Parkinson's disease, and Tourette's syndrome;

(f) Debilitating psychiatric disorders, including, but not limited to, post-traumatic stress disorder, if diagnosed by a state licensed psychiatrist;

(g) Human immunodeficiency virus or acquired immune deficiency syndrome;

(h) A chronic medical condition that is normally treated with a prescription medication that could lead to physical or psychological dependence, when a physician determines that medical use of marijuana could be effective in treating that condition and would serve as a safer alternative to the prescription medication;

(i) Any terminal illness; or

(j) In the professional judgment of a physician, any other chronic, debilitating or other medical condition, including, but not limited to, hepatitis C, amyotrophic lateral sclerosis, inflammatory bowel disease, Crohn's disease, Huntington's disease, autism, neuropathies, sickle cell anemia, agitation of Alzheimer's disease, cachexia, and wasting syndrome.

(16) "Qualifying patient" means a Missouri resident diagnosed with at least one qualifying medical condition.]

(a) "Controlled Substance List", or "CSL" refers to Missouri's list of controlled substances as pertains to Missouri Statutes.
(b) "Cannabis" and "Cannabis hemp" refer to the Cannabis, marihuana, marijuana, Cannabis sativa, Cannabis sativa L., Cannabis Americana, Cannabis Gigantea, Cannabis indica, Cannabis ruderalis, or any variety of Cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
(c) "Medical Cannabis" refers to Cannabis used to prevent or to treat a medical condition.
(d) "Personal use" refers to the personal use or consumption of Cannabis.
(e) "Cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing Cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing Cannabis into and/or onto the human body.
(f) "Establishment" refers to a Cannabis cultivation facility, a Cannabis testing facility, a Cannabis product manufacturing facility, or a retail store, Cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells Cannabis, Cannabis products and/or Cannabis accessories.

[3. Creating Patient Access to Medical Marijuana.] **3. Personal and Commercial.**

[(1) In carrying out the implementation of this section, the department shall have the authority to:

(a) Grant or refuse state licenses and certifications for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use as provided by law; suspend, fine, restrict, or revoke such licenses and certifications upon a violation of this section or a rule promulgated pursuant to this section; and impose any administrative penalty authorized by this section or any rule promulgated pursuant to this section.

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana for medical use and for the enforcement of this section so long as patient access is not restricted unreasonably and such rules are reasonably necessary for patient safety or to restrict access to only licensees and qualifying patients.

(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section;

(d) Require a seed-to-sale tracking system that tracks medical marijuana from either the seed or immature plant stage until the medical marijuana or medical marijuana-infused product is sold to a qualifying patient or primary caregiver to ensure that no medical marijuana grown by a medical marijuana cultivation facility or manufactured by a medical marijuana-infused products manufacturing facility is sold or otherwise transferred except by a medical marijuana dispensary facility. The department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees.

(e) Issue standards for the secure transportation of marijuana and marijuana-infused products. The department shall certify entities which demonstrate compliance with its transportation standards to transport marijuana and marijuana-infused products to a medical marijuana cultivation facility, a medical marijuana-infused products manufacturing facility, a medical marijuana dispensary facility, a medical marijuana testing facility, or another entity with a transportation certification. The department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity licensed or certified pursuant to this section shall be allowed to transport cannabis.

(f) The department may charge a fee not to exceed $5,000 for any certification issued pursuant to this section.

(g) Prepare and transmit annually a publicly available report accounting to the Governor for the efficient discharge of all responsibilities assigned to the department under this section;

(h) Establish a system to numerically score competing medical marijuana licensee and certificate applicants, only in cases where more applicants apply than the minimum number of licenses or certificates as calculated by this section, which scoring shall be limited to an analysis of the following:

(i) the character, veracity, background, qualifications, and relevant experience of principal officers or managers;

(ii) the business plan proposed by the applicant, which in the case of cultivation facilities and dispensaries shall include the ability to maintain an adequate supply of marijuana, plans to ensure safety and security of qualifying patients and the community, procedures to be used to prevent diversion, and any plan for making marijuana available to low-income qualifying patients;

(iii) site security;

(iv) experience in a legal cannabis market;

(v) in the case of medical marijuana testing facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and/or potency and health care industry experience;

(vi) the potential for positive economic impact in the site community;

(vii) in the case of medical marijuana cultivation facilities, capacity or experience with agriculture, horticulture, and health care;

(viii) in the case of medical marijuana dispensary facilities, capacity or experience with health care, the suitability of the proposed location, and its accessibility for patients;

(ix) in the case of medical marijuana-infused products manufacturing facilities, capacity or experience with food and beverage manufacturing; and

(x) maintaining competitiveness in the marijuana for medical use marketplace.

In ranking applicants and awarding licenses and certificates, the department may consult or contract with other public agencies with relevant expertise regarding these factors. The department shall lift or ease any limit on the number of licensees or certificate holders in order to meet the demand for marijuana for medical use by qualifying patients.

(2) The department shall issue any rules or emergency rules necessary for the implementation and enforcement of this section and to ensure the right to, availability, and safe use of marijuana for medical use by qualifying patients. In developing such rules or emergency rules, the department may consult with other public agencies. In addition to any other rules or emergency rules necessary to carry out the mandates of this section, the department may issue rules or emergency rules relating to the following subjects:

(a) Compliance with, enforcement of, or violation of any provision of this section or any rule issued pursuant to this section, including procedures and grounds for denying, suspending, fining, restricting, or revoking a state license or certification issued pursuant to this section;

(b) Specifications of duties of officers and employees of the department;

(c) Instructions or guidance for local authorities and law enforcement officers;

(d) Requirements for inspections, investigations, searches, seizures, and such additional enforcement activities as may become necessary from time to time;

(e) Creation of a range of administrative penalties for use by the department;

(f) Prohibition of misrepresentation and unfair practices;

(g) Control of informational and product displays on licensed premises provided that the rules may not prevent or unreasonably restrict appropriate signs on the property of the medical marijuana dispensary facility, product display and examination by the qualifying patient and/or primary caregiver, listings in business directories including phone books, listings in marijuana-related or medical publications, or the sponsorship of health or not for profit charity or advocacy events;

(h) Development of individual identification cards for owners, officers, managers, contractors, employees, and other support staff of entities licensed or certified pursuant to this section, including a fingerprint-based federal and state criminal record check in accordance with U.S. Public Law 92-544, or its successor provisions, as may be required by the department prior to issuing a card and procedures to ensure that cards for new applicants are issued within fourteen days. Applicants licensed pursuant to this section shall submit fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol, if necessary, shall forward the fingerprints to the Federal Bureau of Investigation (FBI) for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted pursuant to 43.543 and fees shall be paid pursuant to 43.530;

(i) Security requirements for any premises licensed or certified pursuant to this section, including, at a minimum, lighting, physical security, video, alarm requirements, and other minimum procedures for internal control as deemed necessary by the department to properly administer and enforce the provisions of this section, including reporting requirements for changes, alterations, or modifications to the premises;

(j) Regulation of the storage of, warehouses for, and transportation of marijuana for medical use;

(k) Sanitary requirements for, including, but not limited to, the preparation of medical marijuana-infused products;

(l) The specification of acceptable forms of picture identification that a medical marijuana dispensary facility may accept when verifying a sale;

(m) Labeling and packaging standards;

(n) Records to be kept by licensees and the required availability of the records;

(o) State licensing procedures, including procedures for renewals, reinstatements, initial licenses, and the payment of licensing fees;

(p) The reporting and transmittal of tax payments;

(q) Authorization for the department of revenue to have access to licensing information to ensure tax payment and the effective administration of this section; and

(r) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(3) The department shall issue rules or emergency rules for a medical marijuana and medical marijuana-infused products independent testing and certification program for medical marijuana licensees and requiring licensees to test medical marijuana using one or more impartial, independent laboratories to ensure, at a minimum, that products sold for human consumption do not contain contaminants that are injurious to health, to ensure correct labeling and measure potency. The department shall not require any medical marijuana or medical marijuana-infused products to be tested more than once prior to sale.

(4) The department shall issue rules or emergency rules to provide for the certification of and standards for medical marijuana testing facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The department shall certify, if possible, at least two entities as medical marijuana testing facilities. No medical marijuana testing facility shall be owned by an entity under substantially common control, ownership, or management as a medical marijuana cultivation facility, medical marijuana-infused product manufacturing facility, or medical marijuana dispensary facility.

(5) The department shall maintain the confidentiality of reports or other information obtained from an applicant or licensee containing any individualized data, information, or records related to the licensee or its operation, including sales information, financial records, tax returns, credit reports, cultivation information, testing results, and security information and plans, or revealing any patient information, or any other records that are exempt from public inspection pursuant to state or federal law. Such reports or other information may be used only for a purpose authorized by this section. Any information released related to patients may be used only for a purpose authorized by federal law and this section, including verifying that a person who presented a patient identification card to a state or local law enforcement official is lawfully in possession of such card.

(6) Within one hundred eighty days of December 6, 2018, the department shall make available to the public license application forms and application instructions for medical marijuana cultivation facilities, medical marijuana testing facilities, medical marijuana dispensary facilities, and medical marijuana-infused products manufacturing facilities.

(7) Within one hundred eighty days of December 6, 2018, the department shall make available to the public application forms and application instructions for qualifying patient, qualifying patient cultivation, and primary caregiver identification cards. Within two hundred ten days of December 6, 2018, the department shall begin accepting applications for such identification cards.

(8) An entity may apply to the department for and obtain one or more licenses to grow marijuana as a medical marijuana cultivation facility. Each facility in operation shall require a separate license, but multiple licenses may be utilized in a single facility. Each indoor facility utilizing artificial lighting may be limited by the department to thirty thousand square feet of flowering plant canopy space. Each outdoor facility utilizing natural lighting may be limited by the department to two thousand eight hundred flowering plants. Each greenhouse facility using a combination of natural and artificial lighting may be limited by the department, at the election of the licensee, to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of ten thousand dollars per license application or renewal for all applicants filing an application within three years of December 6, 2018, and shall charge each applicant a non-refundable fee of five thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of twenty-five thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three medical marijuana cultivation facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(9) An entity may apply to the department for and obtain one or more licenses to operate a medical marijuana dispensary facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of December 6, 2018 and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten

thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than five medical marijuana dispensary facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(10) An entity may apply to the department for and obtain one or more licenses to operate a medical marijuana-infused products manufacturing facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of December 6, 2018 and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three medical marijuana-infused products manufacturing facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(11) Any applicant for a license authorized by this section may pre-file their application fee with the department beginning 30 days after December 6, 2018.

(12) Except for good cause, a qualifying patient or his or her primary caregiver may obtain an identification card from the department to cultivate up to six flowering marijuana plants for the exclusive use of that qualifying patient. The card shall be valid for twelve months from its date of issuance and shall be renewable with the annual submittal of a new or updated physician's certification. The department shall charge an annual fee for the card of one hundred dollars, with such rate to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency.

(13) The department may set a limit on the amount of marijuana that may be purchased by or on behalf of a single qualifying patient in a thirty day period, provided that limit is not less than four ounces of dried, unprocessed marijuana, or its equivalent. Any such limit shall not apply to a qualifying patient with written certification from two independent physicians that there are compelling reasons why the qualifying patient needs a greater amount than the limit established by the department.

(14) The department may set a limit on the amount of marijuana that may be possessed by or on behalf of each qualifying patient, provided that limit is not less than a sixty day supply of dried, unprocessed marijuana, or its equivalent. A primary caregiver may possess a separate legal limit for each qualifying patient under their care and a separate legal limit for themselves if they are a qualifying patient.
qualifying patients cultivating marijuana for medical use may possess up to a ninety day supply, so long as the supply remains on property under their control. Any such limit shall not apply to a qualifying patient with written certification from two independent physicians that there are compelling reasons for additional amounts. Possession of between the legal limit and up to twice the legal limit shall subject the possessor to department sanctions, including an administrative penalty and loss of their patient identification card for up to a year. Purposefully possessing amounts in excess of twice the legal limit shall be punishable by imprisonment of up to one year and a fine of up to two thousand dollars.

(15) The department may restrict the aggregate number of licenses granted for medical marijuana cultivation facilities, provided, however, that the number may not be limited to fewer than one license per every one hundred thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(16) The department may restrict the aggregate number of licenses granted for marijuana-infused products manufacturing facilities, provided, however, that the number may not be limited to fewer than one license per every seventy thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(17) The department may restrict the aggregate number of licenses granted for medical marijuana dispensary facilities, provided, however, that the number may not be limited to fewer than twenty-four licenses in each United States Congressional district in the state of Missouri pursuant to the map of each of the eight congressional districts as drawn and effective on December 6, 2018. Future changes to the boundaries of or the number of congressional districts shall have no impact.

(18) The department shall begin accepting license and certification applications for medical marijuana dispensary facilities, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than two hundred forty days after December 6, 2018. Applications for licenses and certifications under this section shall be approved or denied by the department no later than one hundred fifty days after their submission. If the department fails to carry out its non-discretionary duty to approve or deny an application within one hundred fifty days of submission, an applicant may immediately seek a court order compelling the department to approve or deny the application.

(19) Qualifying patients under this section shall obtain and annually renew an identification card or cards from the department. The department shall charge a fee of twenty-five dollars per year per card with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor or its successor agency. Upon receiving an application for a qualifying patient identification card or qualifying patient cultivation identification card, the department shall, within thirty days, either issue the card or provide a written explanation for its denial. If the department fails to deny and fails to issue a card to an eligible qualifying patient within thirty days, then their physician certification shall serve as their qualifying patient identification card or qualifying patient cultivation identification card for up to one year from the date of physician certification. All initial applications for or renewals of a qualifying patient identification card or qualifying patient cultivation identification card shall be accompanied by a physician certification that is less than thirty days old.

(20) Primary caregivers under this section shall obtain and annually renew an identification card from the department. The department shall charge a fee of twenty five dollars per year, with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. Upon receiving an application for a primary caregiver identification card the department shall, within thirty days, either issue the card or provide a written explanation for its denial.

(21) All marijuana for medical use sold in Missouri shall be cultivated in a licensed medical marijuana cultivation facility located in Missouri.

(22) All marijuana-infused products for medical use sold in the state of Missouri shall be manufactured in a medical marijuana-infused products manufacturing facility.

(23) The denial of a license, license renewal, or identification card by the department shall be appealable to the administrative hearing commission, or its successor entity. Following the exhaustion of administrative review, denial of a license, license renewal, or identification card by the department shall be subject to judicial review as provided by law.

(24) No elected official shall interfere directly or indirectly with the department's obligations and activities under this section.

(25) The department shall not have the authority to apply or enforce any rule or regulation that would impose an undue burden on any one or more licensees or certificate holders, any qualifying patients, or act to undermine the purposes of this section.]

The following acts are not unlawful and shall not be an offense under Missouri law:
(a) Possession and/or consumption of Cannabis for personal or medical use.
(b) Cultivating Cannabis for personal or medical use.
(c) Cultivation, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing Cannabis, Cannabis accessories, and Cannabis products for commercial purposes, provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivating, harvesting, processing, manufacturing, packaging, distribution, transferal, display or possession of any non-toxic food or food product.
(d) Providing Cannabis, Cannabis accessories, and Cannabis products for sale to consumers.
(e) Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this subsection.
(f) No one shall be denied housing solely based on their use of Cannabis.
(g) No one shall be denied employment solely based on their use of Cannabis.
(h) The use and/or possession of Cannabis shall in no way impede one's legal right to possess a firearm.

[4. Taxation and Reporting.] **4. Medical.**

[(1) A tax is levied upon the retail sale of marijuana for medical use sold at medical marijuana dispensary facilities within the state. The tax shall be at a rate of four percent of the retail price. The tax shall be collected by each licensed medical marijuana dispensary facility and paid to the department of revenue. After retaining no more than five percent for its actual collection costs, amounts generated by the tax levied in this section shall be deposited by the department of revenue into the Missouri veterans' health and care fund. Licensed entities making retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Missouri veterans' Health and Care Fund," which shall consist of taxes and fees collected under this section. The State Treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and monies earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The commissioner of administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the department, an amount necessary for the department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section:

(b) Next, the remainder of such funds shall be transferred to the Missouri veterans commission for health and care services for military veterans, including the following purposes: operations, maintenance and capital improvements of the Missouri veterans homes, the Missouri service officer's Program, and other services for veterans approved by the commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness. The Missouri veterans commission shall contract with other public agencies for the delivery of services beyond its expertise.

(c) All monies from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana for medical use, a record shall be kept by the seller which identifies, by secure and encrypted patient number issued by the seller to the qualifying patient involved in the sale, all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the department and the Department of Revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from, and in addition to, any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana for medical use.

(6) The fees and taxes provided for in this Article XIV, Section 1 shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

(7) The unexpended balance existing in the fund shall be exempt from the provisions of section 33.080 relating to the transfer of unexpended balances to the general revenue fund.]

Medical Cannabis shall be available to patients without taxation who have a physician's recommendation for its use.
(a) All patients engaged in Cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means, whether or not under the care of a physician.
(b) Licensed physicians shall not be penalized for, nor restricted from recommending and/or providing Cannabis for medical purposes to any person under their care.
(c) Veterinarians shall not be penalized nor restricted from recommending and/or providing Cannabis for medical purposes for any creature under their care.
(d) Any individual who is a Cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri Cannabis patient.
(e) Medical care, including organ transplants, shall not be restricted in any way based on a person's use of Cannabis.

[5. Additional Patient, Physician, Caregiver and Provider Protections.] **5. Zoning.**

[(1) Except as provided in this section, the possession of marijuana in quantities less than the limits of this section, or established by the department, and transportation of marijuana from a medical marijuana dispensary facility to the qualifying patient's residence shall not subject the possessor to arrest, criminal or civil liability, or sanctions under Missouri law, provided that the possessor produces on demand to the appropriate authority a valid qualifying patient identification card: a valid qualifying patient cultivation identification card; a valid physician certification while making application for an identification card: or a valid primary caregiver identification card. Production of the respective equivalent identification card or authorization issued by another state or political subdivision of another state shall also meet the requirements of this subdivision.

(2) No patient shall be denied access to or priority for an organ transplant because they hold a qualifying patient identification card or use marijuana for medical use.

(3) A physician shall not be subject to criminal or civil liability or sanctions under Missouri law or discipline by the Missouri State Board of Registration for the Healing Arts, or its successor agency, for owning, operating, investing in, being employed by, or contracting with any entity

licensed or certified pursuant to this section or issuing a physician certification to a patient diagnosed with a qualifying medical condition in a manner consistent with this section and legal standards of professional conduct.

(4) A health care provider shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or providing health care services that involve the medical use of marijuana consistent with this section and legal standards of professional conduct.

(5) A medical marijuana testing facility shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to the medical use of marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(6) A health care provider shall not be subject to mandatory reporting requirements for the medical use of marijuana by non-emancipated qualifying patients under eighteen years of age in a manner consistent with this section and with consent of a parent or guardian.

(7) A primary caregiver shall not be subject to criminal or civil liability or sanctions under Missouri law for purchasing, transporting, or administering marijuana for medical use to a qualifying patient or participating in the patient cultivation of up to six flowering marijuana plants per patient in a manner consistent with this section and generally established legal standards of personal or professional conduct.

(8) An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to prospective or licensed medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana dispensary facilities, medical marijuana-infused products manufacturing facilities, qualifying patients, primary caregivers, physicians, health care providers or others related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(9) Actions and conduct by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities licensed or registered with the department, or their employees or agents, as permitted by this section and in compliance with department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

(10) Nothing in this section shall provide immunity for negligence, either common law or statutorily created, nor criminal immunities for operating a vehicle, aircraft, dangerous device, or navigating a boat under the influence of marijuana.

(11) It is the public policy of the state of Missouri that contracts related to marijuana for medical use that are entered into by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities and those who allow property to be used by those entities, should be enforceable. It is the public policy of the state of Missouri that no contract entered into by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to medical marijuana may be prohibited by federal law.]

Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.

[6. Legislation.] **6. Law Enforcement and the Courts.**

[Nothing in this section shall limit the General Assembly from enacting laws consistent with this section, or otherwise effectuating the patient rights of this section. The legislature shall not enact laws that hinder the right of qualifying patients to access marijuana for medical use as granted by this section.]

Missouri's law enforcement and its courts shall protect Cannabis users and their property without discrimination, and with every bit the effort afforded to every citizen of Missouri and our nation.
(a) The use and/or possession of Cannabis shall not be grounds for issuing a "Driving under the influence" (DUI) stop, charge, arrest or fine(s) when operating or a passenger of a motor vehicle. Stops, charges, fines and arrests shall be the product of visible and/or previously proven non-Cannabis infractions of Missouri law.
(b) No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal Cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.
(c) Asset or Civil Forfeiture shall no longer be used in the state of Missouri through association with Cannabis, Cannabis cultivation, it's use and/or possession, in any way.
(d) Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, Cannabis-only offenses, which are no longer illegal in the State of Missouri under this Act, shall be immediately released.
(e) Within 60 days of the passage of this Act, a legal document shall be developed and made available to the public ordering the immediate destruction of all Cannabis-related non-violent civil and criminal records in Missouri and for any offense covered by this amendment which is no longer illegal in the State of Missouri under this Act. This document shall be distributed to all pertinent parties throughout the state.
(f) Within 60 days, Missouri's Courts shall order the immediate expungement of civil and criminal records pertaining to all non-violent Cannabis only offenses which are no longer illegal in the State of Missouri under this Act.

[7. Additional Provisions.] **7. Regarding Federal Law.**

[(1) Nothing in this section permits a person to:

(a) Consume marijuana for medical use in a jail or correctional facility;

(b) Undertake any task under the influence of marijuana when doing so would constitute negligence or professional malpractice; or

(c) Operate, navigate, or be in actual physical control of any dangerous device or motor vehicle, aircraft or motorboat while under the influence of marijuana; or

(d) Bring a claim against any employer, former employer, or prospective employer for wrongful discharge, discrimination, or any similar cause of action or remedy, based on the employer, former employer, or prospective employer prohibiting the employee, former employee, or prospective employee from being under the influence of marijuana while at work or disciplining the employee or former employee, up to and including termination from employment, for working or attempting to work while under the influence of marijuana.

(2) No medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility, or entity with a transportation certification shall be owned, in whole or in part, or have as an officer, director, board member, manager, or employee, any individual with a disqualifying felony offense. A "disqualifying felony offense" is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the department determines that:

(a) The person's conviction was for the medical use of marijuana or assisting in the medical use of marijuana; or

(b) The person's conviction was for a non-violent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses.

The department may consult with and rely on the records, advice and recommendations of the Attorney General and the Department of Public Safety, or their successor entities, in applying this subdivision.

(3) All medical marijuana cultivation facility, medical marijuana dispensary facility, and medical marijuana-infused products manufacturing facility licenses, entities with medical marijuana testing facility certifications, and entities with transportation certifications shall be held by entities that are majority owned by natural persons who have been citizens of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, entities outside the state of Missouri may own a minority stake in such entities.

(4) No medical marijuana cultivation facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility shall manufacture, package or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between a marijuana or marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional department sanction, up to and including loss of license.

(5) All edible marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with dosage amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled, in a font size at least as large as the largest other font size used on the package, as containing "Marijuana," or a " Marijuana-Infused Product." Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty.

(6) No individual shall serve as the primary caregiver for more than three qualifying patients.

(7) No qualifying patient shall consume marijuana for medical use in a public place, unless provided by law. Violation of this prohibition shall subject the violator to sanctions as provided by general law.

(8) No person shall extract resins from marijuana using dangerous materials or combustible gases without a medical marijuana-infused products manufacturing facility license. Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty and, if applicable, loss of their identification card, certificate, or license for up to one year.

(9) All qualifying patient cultivation shall take place in an enclosed, locked facility that is equipped with security devices that permit access only by the qualifying patient or by such patient's primary caregiver. Two qualifying patients, who both hold valid qualifying patient cultivation identification cards, may share one enclosed, locked facility. No more than twelve qualifying patient or primary caregiver cultivated flowering marijuana plants may be cultivated in a single, enclosed locked facility, except when a primary caregiver also holds a qualifying patient cultivation identification card, in which case no more than eighteen flowering marijuana plants may be cultivated in a single, enclosed, locked facility.

(10) No medical marijuana cultivation facility, medical marijuana dispensary facility, medical marijuana-infused products manufacturing facility, medical marijuana testing facility, or entity with a transportation certification shall assign, sell, give, lease, sublicense, or otherwise transfer its license or certificate to any other entity without the express consent of the department, not to be unreasonably withheld.

(11) Unless allowed by the local government, no new medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility shall be initially sited within one thousand feet of any then-existing elementary or secondary school, child day-care center, or church. No local government shall prohibit medical marijuana cultivation facilities, medical marijuana testing facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities, or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana-infused products manufacturing facility, medical marijuana dispensary facility, or entity holding a transportation certification that may operate in such locality.

(12) Unless superseded by federal law or an amendment to this Constitution, a physician shall not certify a qualifying condition for a patient by any means other than providing a physician certification for the patient, whether handwritten, electronic, or in another commonly used format. A qualifying patient must obtain a new physician certification at least annually.

(13) A physician shall not issue a certification for the medical use of marijuana for a non-emancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. The department shall not issue a qualifying patient identification card on behalf of a non-emancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. Such card shall be issued to one of the parents or guardians and not directly to the patient. Only a parent or guardian may serve as a primary caregiver for a non-emancipated qualifying patient under the age of eighteen. Only the qualifying patient's parent or guardian shall purchase or possess medical marijuana for a non-emancipated qualifying patient under the age of eighteen. A parent or guardian shall supervise the administration of medical marijuana to a non-emancipated qualifying patient under the age of eighteen.

(14) Nothing in this section shall be construed as mandating health insurance coverage of medical marijuana for qualifying patient use.

(15) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for medical use or for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.]

Pursuant to the Ninth and Tenth Amendments to the Constitution of the United States, the people of Missouri hereby repudiate and challenge federal Cannabis prohibitions that conflict with this Act.

[8. Severability.] **8. Existing Local, State and Federal Law.**

[The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.]

All provisions of this section shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

[9. Effective Date.] **9. Implementation.**

[The provisions of this section shall become effective on December 6, 2018.]

The dictates of this Initiative, unless otherwise indicated by this initiative, shall be implemented no later than **January 31st, 2021.**

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

May 30, 2019

RECEIVED
MAY 30 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article I, Version 2 (2020-068)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on May 29, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street, No PO Box)	(City, Town orVillage)	ZIP CODE	CONG. R. DIST	NAME (Print or Typed)
1						
2						
3						
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5						
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of ....., A.D.....

Notary Public (Seal)
My commission expires.....

.....
Signature of Notary

.....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section 36 is created by adding section 36 to article I of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.

Section 36. The Right of reproductive freedom & to terminate a pregnancy shall not be infringed. All abortion restrictions that was passed after January of 2019 shall be nullify. All abortion restrictions shall originate by a citizens initiative.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

May 30, 2019

RECEIVED
MAY 30 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article I, Version 1 (2020-067)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on May 29, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

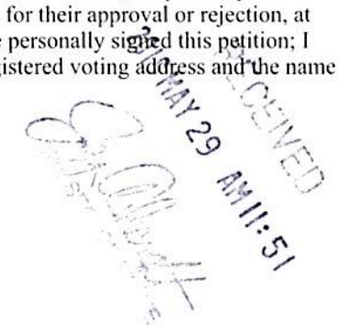
County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 4th day of August, 2020 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.



CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street, No PO Box)	(City, Town orVillage)	ZIP CODE	CONG. R. DIST	NAME (Print or Typed)
1						
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of ....., A.D.....

.....
Signature of Notary

Notary Public (Seal)
My commission expires.....

.....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section 36 is created by adding section 36 to article I of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.

Section 36. The Right of reproductive freedom & to terminate a pregnancy shall not be infringed. All abortion restrictions that was passed after January of 2019 shall be nullify. All abortion restrictions shall originate by a citizens initiative.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

May 15, 2019

RECEIVED
MAY 15 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article IV (2020-066)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on May 15, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of Section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the State of Missouri and _____County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the State of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____. I, _____ being first duly sworn, say
(print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS Street, No PO Boxes (City, Town or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
1.	/ /				
2.	/ /				
3.	/ /				
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9.	/ /				
10.	/ /				

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the State of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do _x_ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant (Person obtaining signatures)

_____
Address of Affiant (Person obtaining signatures)

Subscribed and sworn to before me this _____day of _____, A.D. _____.

_____
Signature of Notary

_____
Address of Notary

Notary Public (Seal)

My Commission expires _____.

BE IT RESOLVED BY THE PEOPLE OF THE STATE OF MISSOURI THAT THE CONSITUTION BE AMENDED:

Section 17 of article IV of the Constitution of Missouri is amended by adding Section 17(B). The new section includes the following underlined language:

MISSOURI CONSTITUTION

Section 17(b.) RECALL Elective State Officers

All political power is inherent in the people. Government is instituted for their protection, security, and benefit, and they have the right to alter or reform it when the public good may require. A voter who casts a vote in an election in accordance with the laws of this State shall have that vote counted.

Recall is the power of the electors to remove an elective officer. Recall of a state officer is initiated by delivering to the Secretary of State a petition alleging reason for recall. Sufficiency of reason is not reviewable. Proponents have 160 days to file signed petitions.

A petition to recall a statewide officer must be signed by electors equal in number to 12 percent of the last vote for the office, with signatures from each of 5 counties equal in number to 1 percent of the last vote for the office in the county.

The Secretary of State shall maintain a continuous count of the signatures certified to that office. An election to determine whether to recall an office rand, if appropriate, to elect a successor shall be called by the Governor and held not less than 60 days nor more than 80 days from the date of certification of sufficient signatures.

A recall election may be conducted within 180 days from the date of certification of sufficient signatures in order that the election may be consolidated with the next regularly scheduled election occurring wholly or partially within the same jurisdiction in which the recall election is held, if the number of voters eligible to vote at that next regularly scheduled election equal at least 50 percent of all the voters eligible to vote at the recall election.

If the majority vote on the question is to recall, the officer is removed and, if there is a candidate, the candidate who receives a plurality is the successor. The officer may not be a candidate, nor shall there be any candidacy for an office filled pursuant to subdivision (d) of Section 16 of Article VI.

The Legislature shall provide for circulation, filing, and certification of petitions, nomination of candidates, and the recall election. If recall of the Governor or Secretary of State is initiated, the recall duties of that office shall be performed by the Lieutenant Governor or Controller, respectively. A state officer who is not recalled shall be reimbursed by the State for the officer's recall election expenses legally and personally incurred. Another recall may not be initiated against the officer until six months after the election. The Legislature shall provide for recall of local officers. This section does not affect counties and cities whose charters provide for recall.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

May 13, 2019

RECEIVED
MAY 13 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Charles Hurth regarding a proposed constitutional amendment to Article VIII (2020-065)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Charles Hurth on May 13, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A Misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign anyone to sign any referendum petition with any name other than his or her own, or knowingly to sign his or her name other than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____County (or City of St. Louis), respectfully order that the following proposed amendment to the Constitution shall be submitted to the voters of the State of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November 2020 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____County (or City of St. Louis); my registered voting address and the name of the city, town or village which I live are correctly written after my name.

RECEIVED
2019 MAY 13 AM 9:17

(Official Ballot title)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF_____

I, _____ Being first duly sworn, say (print or type names of signers)

NAME	DATE SIGNED	REGISTERED VOTING ADDRESS (street) (City, Town or village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
1.	/ /				
2.	/ /				
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11.	/ /				
12.	/ /				
13.	/ /				
14.	/ /				

Signed this page of the foregoing petition and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and City, town or village correctly, and that each signer is a registered voter of the State of Missouri and _____County.

FUTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ☐ do not ☐ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____

_____ _____
Signature of Affiant (Person obtaining signatures) Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me _____day of _____.A.D. 20___.

_____ Notary Public (Seal)
Signature of Notary

_____
Address of Notary

My commission expires_____

Be it resolved by the People of the State of Missouri that the Constitution be amended:

Article VIII Section 2. <u>Qualifications of voters- Disqualification</u> is revised by deleting the single word " All" and replacing said word with "Only A" such that the first sentence of said section shall read:

[All] <u>Only A</u> citizen of the United States, including occupants of soldiers' and sailors' homes over the age of eighteen who are residents of this state and of the political subdivision in which they offer to vote are entitled to vote at all elections by the people, if the election is one for which registration is required if they are registered within the time prescribed by law, or if the election is one for which registration is not required, if they have been residents of the political subdivision in which they offer to vote for thirty days next preceding the election for which they offer to vote: Provided however, no person who has guardian of his or her estate or person by reason of mental incapacity, appointed by a Court of competent jurisdiction and no person who is involuntarily confined in a mental institution pursuant to an adjudication of a Court of competent jurisdiction shall be entitled to vote, and persons convicted of felony, or crime connected who the exercise of the right of suffrage may be excluded by law from voting.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

May 9, 2019

RECEIVED
MAY 09 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mark Pedersen regarding a proposed constitutional amendment to Article XIV (2020-064)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mark Pedersen on May 9, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the **3rd** day of November, **2020**, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
2019 MAY -9 AM 7:43
SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF

_____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong. Dist.	NAME (Print or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____ _____
Signature of Affiant (Person obtaining signatures) Address of Affiant

_____ _____
Printed Name of Affiant Signature of Notary

Subscribed and sworn to before me, this _____ day of _____, A.D. _____ .

_____
Address of Notary

Notary Public (Seal) My commission expires _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends Article XIV Section 1 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all of the underlined matters as required pursuant to Section 116.050 RSMo.

Section 1. [Right to Access medical marijuana] **Missouri Cannabis Restoration and Protection** [– 1. Purposes.]

1. Clarification as a substance.

[This section is intended to permit state-licensed physicians to recommend marijuana for medical purposes to patients with serious illnesses and medical conditions. The section allows patients with qualifying medical conditions the right to discuss freely with their physicians the possible benefits of medical marijuana use, the right of their physicians to provide professional advice concerning the same, and the right to use medical marijuana for treatment under the supervision of a physician.

This section is intended to make only those changes to Missouri laws that are necessary to protect patients, their primary caregivers, and their physicians from civil and criminal penalties, and to allow for the limited legal production, distribution, sale and purchase of marijuana for medical use. This section is not intended to change current civil and criminal laws governing the use of marijuana for non medical purposes. The section does not allow for the public use of marijuana and driving under the influence of marijuana.]

Cannabis shall immediately be removed from the Missouri Revised Statutes list of controlled substances and shall no longer be listed among Missouri's drug schedules. Cannabis shall no longer be considered a controlled substance or a drug, hence forth by Missouri law, by the passage of this initiative.

2. Definitions.

[(1) "Administer" means the direct application of marijuana to a qualifying patient by way of any of the following methods:

(a) Ingestion of capsules, teas, oils, and other marijuana-infused products;

(b) Vaporization or smoking of dried flowers, buds, plant material, extracts, or oils;

(c) Application of ointments or balms;

(d) Transdermal patches and suppositories;

(e) Consuming marijuana-infused food products; or

(f) Any other method recommended by a qualifying patient's physician.

(2) "Department" means the Department of Health and Senior services, or its successor agency.

(3) "Entity" means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) "Flowering plant" means a marijuana plant from the time it exhibits the first signs of sexual maturity through harvest.

(5) "Marijuana" or "marihuana" means *Cannabis indica, Cannabis sativa, and Cannabis ruderalis,* hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana, as well as resin extracted from the plant and marijuana-infused products. "marijuana" or "Marihuana" do not include industrial hemp containing a crop-wide average tetrahydrocannabinol concentration that does not exceed three-tenths of one percent on a dry weight basis, or commodities or products manufactured from industrial hemp.

(6) "Marijuana-infused products" means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(7) "Medical marijuana cultivation facility" means a facility licensed by the department, to acquire, cultivate, process, store, transport, and sell marijuana to a medical marijuana dispensary facility, medical marijuana testing facility, or to a medical marijuana-infused products manufacturing facility.

(8) "Medical marijuana dispensary facility" means a facility licensed by the department, to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and drug paraphernalia used to administer marijuana as provided for in this section to a qualifying patient, a primary caregiver, another medical marijuana dispensary facility, a medical marijuana testing facility, or a medical marijuana-infused products manufacturing facility.

(9) "Medical marijuana-infused products manufacturing facility" means a facility licensed by the department, to acquire, store, manufacture, transport, and sell marijuana-infused products to a medical marijuana dispensary facility, a medical marijuana testing facility, or to another medical marijuana-infused products manufacturing facility.

(10) "Medical marijuana testing facility" means a facility certified by the department, to acquire, test, certify, and transport marijuana.

(11) "Medical use" means the production, possession, delivery, distribution, transportation, or administration of marijuana or a marijuana-infused product, or drug paraphernalia used to administer marijuana or a marijuana-infused product, for the benefit of a qualifying patient to mitigate the symptoms or effects of the patient's qualifying medical condition.

(12) "Physician" means an individual who is licensed and in good standing to practice medicine or osteopathy under Missouri law.

(13) "Physician certification" means a document, whether handwritten, electronic or in another commonly used format, signed by a physician and stating that, in the physician's professional opinion, the patient suffers from a qualifying medical condition.

(14) "Primary caregiver" means an individual twenty-one years of age or older who has significant responsibility for managing the well-being of a qualifying patient and who is designated as such on the primary caregiver's application for an identification card under this section or in other written notification to the department.

(15) "Qualifying medical condition" means the condition of, symptoms related to, or side-effects from the treatment of:

(a) Cancer;

(b) Epilepsy;

(c) Glaucoma;

(d) Intractable migraines unresponsive to other treatment;

(e) A chronic medical condition that causes severe, persistent pain or persistent muscle spasms, including but not limited to those associated with multiple sclerosis, seizures, Parkinson's disease, and Tourette's syndrome;

(f) Debilitating psychiatric disorders, including, but not limited to, post-traumatic stress disorder, if diagnosed by a state licensed psychiatrist;

(g) Human immunodeficiency virus or acquired immune deficiency syndrome;

(h) A chronic medical condition that is normally treated with a prescription medication that could lead to physical or psychological dependence, when a physician determines that medical use of marijuana could be effective in treating that condition and would serve as a safer alternative to the prescription medication;

(i) Any terminal illness; or

In the professional judgment of a physician, any other chronic, debilitating or other medical condition, including, but not limited to, hepatitis C, amyotrophic lateral sclerosis, inflammatory bowel disease, Crohn's disease, Huntington's disease, autism, neuropathies, sickle cell anemia, agitation of Alzheimer's disease, cachexia, and wasting syndrome.

(16) "Qualifying patient" means a Missouri resident diagnosed with at least one qualifying medical condition.]

(a) "Controlled Substance List", or "CSL" refers to Missouri's list of controlled substances as pertains to Missouri Statutes.
(b) "Cannabis" and "Cannabis hemp" refer to the Cannabis, marihuana, marijuana, Cannabis sativa, Cannabis sativa L., Cannabis Americana, Cannabis Gigantea, Cannabis indica, Cannabis ruderalis, or any variety of Cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
(c) "Medical Cannabis" refers to Cannabis used to prevent or to treat a medical condition.
(d) "Personal use" refers to the personal use or consumption of Cannabis.
(e) "Cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing Cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing Cannabis into and/or onto the human body.
(f) "Establishment" refers to a Cannabis cultivation facility, a Cannabis testing facility, a Cannabis product manufacturing facility, or a retail store, Cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells Cannabis, Cannabis products and/or Cannabis accessories.

3. [Creating patient Access to medical marijuana.] **Personal and Commercial.**

[(1) In carrying out the implementation of this section, the department shall have the authority to:

(a) Grant or refuse state licenses and certifications for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use as provided by law; suspend, fine, restrict, or revoke such licenses and certifications upon a violation of this section or a rule promulgated pursuant to this section; and impose any administrative penalty authorized by this section or any rule promulgated pursuant to this section.

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana for medical use and for the enforcement of this section so long as patient access is not restricted unreasonably and such rules are reasonably necessary for patient safety or to restrict access to only licensees and qualifying patients.

(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section;

(d) Require a seed-to-sale tracking system that tracks medical marijuana from either the seed or immature plant stage until the medical marijuana or medical marijuana-infused product is sold to a qualifying patient or primary caregiver to ensure that no medical marijuana grown by a medical marijuana cultivation facility or manufactured by a medical marijuana-infused products manufacturing facility is sold or otherwise transferred except by a medical marijuana dispensary facility. The department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees.

(e) Issue standards for the secure transportation of marijuana and marijuana-infused products. The department shall certify entities which demonstrate compliance with its transportation standards to transport marijuana and marijuana-infused products to a medical marijuana cultivation facility, a medical marijuana-infused products manufacturing facility, a medical marijuana dispensary facility, a medical marijuana testing facility, or another entity with a transportation certification. The department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity licensed or certified pursuant to this section shall be allowed to transport cannabis.

(f) The department may charge a fee not to exceed $5,000 for any certification issued pursuant to this section.

(g) Prepare and transmit annually a publicly available report accounting to the Governor for the efficient discharge of all responsibilities assigned to the department under this section;

(h) Establish a system to numerically score competing medical marijuana licensee and certificate applicants, only in cases where more applicants apply than the minimum number of licenses or certificates as calculated by this section, which scoring shall be limited to an analysis of the following:

(i) the character, veracity, background, qualifications, and relevant experience of principal officers or managers;

(ii) the business plan proposed by the applicant, which in the case of cultivation facilities and dispensaries shall include the ability to maintain an adequate supply of marijuana, plans to ensure safety and security of qualifying patients and the community, procedures to be used to prevent diversion, and any plan for making marijuana available to low-income qualifying patients;

(iii) site security;

(iv) experience in a legal cannabis market;

(v) in the case of medical marijuana testing facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and/or potency and health care industry experience;

(vi) the potential for positive economic impact in the site community;

(vii) in the case of medical marijuana cultivation facilities, capacity or experience with agriculture, horticulture, and health care;

(viii) in the case of medical marijuana dispensary facilities, capacity or experience with health care, the suitability of the proposed location, and its accessibility for patients;

(ix) in the case of medical marijuana-infused products manufacturing facilities, capacity or experience with food and beverage manufacturing; and

(x) maintaining competitiveness in the marijuana for medical use marketplace.

In ranking applicants and awarding licenses and certificates, the department may consult or contract with other public agencies with relevant expertise regarding these factors. The department shall lift or ease any limit on the number of licensees or certificate holders in order to meet the demand for marijuana for medical use by qualifying patients.

(2) The department shall issue any rules or emergency rules necessary for the implementation and enforcement of this section and to ensure the right to, availability, and safe use of marijuana for medical use by qualifying patients. In developing such rules or emergency rules, the department may consult with other public agencies. In addition to any other rules or emergency rules necessary to carry out the mandates of this section, the department may issue rules or emergency rues relating to the following subjects:

(a) Compliance with, enforcement of, or violation of any provision of this section or any rule issued pursuant to this section, including procedures and grounds for denying, suspending, fining, restricting, or revoking a state license or certification issued pursuant to this section;

(b) Specifications of duties of officers and employees of the department;

(c) Instructions or guidance for local authorities and law enforcement officers;

(d) Requirements for inspections, investigations, searches, seizures, and such additional enforcement activities as may become necessary from time to time;

(e) Creation of a range of administrative penalties for use by the department;

(f) Prohibition of misrepresentation and unfair practices;

(g) Control of informational and product displays on licensed premises provided that the rules may not prevent or unreasonably restrict appropriate signs on the property of the medical marijuana dispensary facility, product display and examination by the qualifying patient and/or primary caregiver, listings in business directories including phone books, listings in marijuana-related or medical publications, or the sponsorship of health or not for profit charity or advocacy events;

(h) Development of individual identification cards for owners, officers, managers, contractors, employees, and other support staff of entities licensed or certified pursuant to this section, including a fingerprint based-federal and state criminal record check in accordance with U.S. Public Law 92-544, or its successor provisions, as may be required by the department prior to issuing a card and procedures to ensure that cards for new applicants are issued within fourteen days. Applicants licensed pursuant to this section shall submit fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol, if necessary, shall forward the fingerprints to the Federal Bureau of Investigation (FBI) for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted pursuant to 43.543 and fees shall be paid pursuant to 43.530;

(i) Security requirements for any premises licensed or certified pursuant to this section, including, at a minimum, lighting, physical security, video, alarm requirements, and other minimum procedures for internal control as deemed necessary by the department to properly administer and enforce the provisions of this section, including reporting requirements for changes, alterations, or modifications to the premises;

(j) Regulation of the storage of, warehouses for, and transportation of marijuana for medical use;

(k) Sanitary requirements for, including, but not limited to, the preparation of medical marijuana-infused products;

(l) The specification of acceptable forms of picture identification that a medical marijuana dispensary facility may accept when verifying a sale;

(m) Labeling and packaging standards;

(n) Records to be kept by licensees and the required availability of the records;

(o) State licensing procedures, including procedures for renewals, reinstatements, initial licenses, and the payment of licensing fees;

(p) The reporting and transmittal of tax payments;

(q) Authorization for the department of revenue to have access to licensing information to ensure tax payment and the effective administration of this section; and

(r) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(3) The department shall issue rules or emergency rules for a medical marijuana and medical marijuana-infused products independent testing and certification program for medical marijuana licensees and requiring licensees to test medical marijuana using one or more impartial, independent laboratories to ensure, at a minimum, that products sold for human consumption do not contain contaminants that are injurious to health, to ensure correct labeling and measure potency. The department shall not require any medical marijuana or medical marijuana-infused products to be tested more than once prior to sale.

(4) The department shall issue rules or emergency rules to provide for the certification of and standards for medical marijuana testing facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The department shall certify, if possible, at least two entities as medical marijuana testing facilities. No medical marijuana testing facility shall be owned by an entity under substantially common control, ownership, or management as a medical marijuana cultivation facility, medical marijuana-infused product manufacturing facility, or medical marijuana dispensary facility.

(5) The department shall maintain the confidentiality of reports or other information obtained from an applicant or licensee containing any individualized data, information, or records related to the licensee or its operation, including sales information, financial records, tax returns, credit reports, cultivation information, testing results, and security information and plans, or revealing any patient information, or any other records that are exempt from public inspection pursuant to state or federal law. Such reports or other information may be used only for a purpose authorized by this section. Any information released related to patients may be used only for a purpose authorized by federal law and this section, including verifying that a person who presented a patient identification card to a state or local law enforcement official is lawfully in possession of such card.

(6) Within one hundred eighty days of December 6, 2018, the department shall make available to the public license application forms and application instructions for medical marijuana cultivation facilities, medical marijuana testing facilities, medical marijuana dispensary facilities, and medical marijuana-infused products manufacturing facilities.

(7) Within one hundred eighty days of December 6, 2018, the department shall make available to the public application forms and application instructions for qualifying patient, qualifying patient cultivation, and primary caregiver identification cards. Within two hundred ten days of December 6, 2018, the department shall begin accepting applications for such identification cards.

(8) An entity may apply to the department for and obtain one or more licenses to grow marijuana as a medical marijuana cultivation facility. Each facility in operation shall require a separate license, but multiple licenses may be utilized in a single facility. Each indoor facility utilizing artificial lighting may be limited by the department to thirty thousand square feet of flowering plant canopy space. Each outdoor facility utilizing natural lighting may be limited by the department to two thousand eight hundred flowering plants. Each greenhouse facility using a combination of natural and artificial lighting may be limited by the department, at the election of the licensee, to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of ten thousand dollars per license application or renewal for all applicants filing an application within three years of December 6, 2018 and shall charge each applicant a non-refundable fee of five thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of twenty-five thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three medical marijuana cultivation facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(9) An entity may apply to the department for and obtain one or more licenses to operate a medical marijuana dispensary facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of December 6, 2018 and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten

thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than five medical marijuana dispensary facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(10) An entity may apply to the department for and obtain one or more licenses to operate a medical marijuana-infused products manufacturing facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of December 6, 2018 and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three medical marijuana-infused products manufacturing facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(11) Any applicant for a license authorized by this section may pre-file their application fee with the department beginning 30 days after December 6, 2018.

(12) Except for good cause, a qualifying patient or his or her primary caregiver may obtain an identification card from the department to cultivate up to six flowering marijuana plants for the exclusive use of that qualifying patient. The card shall be valid for twelve months from its date of issuance and shall be renewable with the annual submittal of a new or updated physician's certification. The department shall charge an annual fee for the card of one hundred dollars, with such rate to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency.

(13) The department may set a limit on the amount of marijuana that may be purchased by or on behalf of a single qualifying patient in a thirty day period, provided that limit is not less than four ounces of dried, unprocessed marijuana, or its equivalent. Any such limit shall not apply to a qualifying patient with written certification from two independent physicians that there are compelling reasons why the qualifying patient needs a greater amount than the limit established by the department.

(14) The department may set a limit on the amount of marijuana that may be possessed by or on behalf of each qualifying patient, provided that limit is not less than a sixty day supply of dried, unprocessed marijuana, or its equivalent. A primary caregiver may possess a separate legal limit for each qualifying patient under their care and a separate legal limit for themselves if they are a qualifying patient.
qualifying patients cultivating marijuana for medical use may possess up to a ninety day supply, as long as the supply remains on property under their control. Any such limit shall not apply to a qualifying patient with written certification from two independent physicians that there are compelling reasons for additional amounts. Possession of between the legal limit and up to twice the legal limit shall subject the possessor to department sanctions, including an administrative penalty and loss of their patient identification card for up to a year. Purposefully possessing amounts in excess of twice the legal limit shall be punishable by imprisonment of up to one year and a fine of up to two thousand dollars.

(15) The department may restrict the aggregate number of licenses granted for medical marijuana cultivation facilities, provided, however, that the number may not be limited to fewer than one license per every one hundred thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(16) The department may restrict the aggregate number of licenses granted for marijuana-infused products manufacturing facilities, provided, however, that the number may not be limited to fewer than one license per every seventy thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(17) The department may restrict the aggregate number of licenses granted for medical marijuana dispensary facilities, provided, however, that the number may not be limited to fewer than twenty-four licenses in each United States Congressional district in the state of Missouri pursuant to the map of each of the eight congressional districts as drawn and effective on December 6, 2018. Future changes to the boundaries of or the number of congressional districts shall have no impact.

(18) The department shall begin accepting license and certification applications for medical marijuana dispensary facilities, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than two hundred forty days after December 6, 2018. Applications for licenses and certifications under this section shall be approved or denied by the department no later than one hundred fifty days after their submission. If the department fails to carry out its non-discretionary duty to approve or deny an application within one hundred fifty days of submission, an applicant may immediately seek a court order compelling the department to approve or deny the application.

(19) Qualifying patients under this section shall obtain and annually renew an identification card or cards from the department. The department shall charge a fee of twenty-five dollars per year per card with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor or its successor agency. Upon receiving an application for a qualifying patient identification card or qualifying patient cultivation identification card, the department shall, within thirty days, either issue the card or provide a written explanation for its denial. If the department fails to deny and fails to issue a card to an eligible qualifying patient within thirty days, then their physician certification shall serve as their qualifying patient identification card or qualifying patient cultivation identification card for up to one year from the date of physician certification. All initial applications for or renewals of a qualifying patient identification card or qualifying patient cultivation identification card shall be accompanied by a physician certification that is less than thirty days old.

(20) primary caregivers under this section shall obtain and annually renew an identification card from the department. The department shall charge a fee of twenty five dollars per year, with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. Upon receiving an application for a primary caregiver identification card the department shall, within thirty days, either issue the card or provide a written explanation for its denial.

(21) All marijuana for medical use sold in Missouri shall be cultivated in a licensed medical marijuana cultivation facility located in Missouri.

(22) All marijuana-infused products for medical use sold in the state of Missouri shall be manufactured in a medical marijuana-infused products manufacturing facility.

(23) The denial of a license, license renewal, or identification card by the department shall be appealable to the administrative hearing commission, or its successor entity. Following the exhaustion of administrative review, denial of a license, license renewal, or identification card by the department shall be subject to judicial review as provided by law.

(24) No elected official shall interfere directly or indirectly with the department's obligations and activities under this section.

(25) The department shall not have the authority to apply or enforce any rule or regulation that would impose an undue burden on any one or more licensees or certificate holders, any qualifying patients, or act to undermine the purposes of this section.]

The following acts are not unlawful and shall not be an offense under Missouri law:
(a) Possession of Cannabis for personal or medical use.
(b) Cultivating Cannabis for personal or medical use.
(c) Cultivation, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing Cannabis, Cannabis accessories, and Cannabis products for commercial purposes, provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivating, harvesting, processing, manufacturing, packaging, distribution, transferal, display or possession of any non-toxic food or food product.
(d) Providing Cannabis, Cannabis accessories, and Cannabis products for sale to consumers.
(e) Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this subsection.
(f) No one shall be denied housing solely based on their use of Cannabis.
(g) No one shall be denied employment solely based on their use of Cannabis.
(h) The use and/or possession of Cannabis shall in no way impede one's legal right to possess a firearm.

4. [Taxation and Reporting.] **Medical.**

[(1) A tax is levied upon the retail sale of marijuana for medical use sold at medical marijuana dispensary facilities within the state. The tax shall be at a rate of four percent of the retail price. The tax shall be collected by each licensed medical marijuana dispensary facility and paid to the department of revenue. After retaining no more than five percent for its actual collection costs, amounts generated by the tax levied in this section shall be deposited by the department of revenue into the Missouri veterans' health and care fund. Licensed entities making retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Missouri veterans' Health and Care Fund," which shall consist of taxes and fees collected under this section. The State Treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and monies earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The commissioner of administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the department, an amount necessary for the department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section:

(b) Next, the remainder of such funds shall be transferred to the Missouri veterans commission for health and care services for military veterans, including the following purposes: operations, maintenance and capital improvements of the Missouri veterans homes, the Missouri service officer's Program, and other services for veterans approved by the commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness. The Missouri veterans commission shall contract with other public agencies for the delivery of services beyond its expertise.

(c) All monies from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana for medical use, a record shall be kept by the seller which identifies, by secure and encrypted patient number issued by the seller to the qualifying patient involved in the sale, all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the department and the Department of Revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from, and in addition to, any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana for medical use.

(6) The fees and taxes provided for in this Article XVI, Section 1 shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

(7) The unexpended balance existing in the fund shall be exempt from the provisions of section 33.080 relating to the transfer of unexpended balances to the general revenue fund.]

Medical Cannabis shall be available to patients without taxation who have a physician's recommendation for its use.
(a) All patients engaged in Cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means, whether or not under the care of a physician.
(b) Licensed physicians shall not be penalized for, nor restricted from recommending and/or providing Cannabis for medical purposes to any person under their care.
(c) Veterinarians shall not be penalized nor restricted from recommending and/or providing Cannabis for medical purposes for any creature under their care.
(d) Any individual who is a Cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri Cannabis patient.
(e) Medical care, including organ transplants, shall not be restricted in any way based on a person's use of Cannabis.

5. [Additional patient, Physician, Caregiver and Provider Protections.] **Zoning.**

[(1) Except as provided in this section, the possession of marijuana in quantities less than the limits of this section, or established by the department, and transportation of marijuana from a medical marijuana dispensary facility to the qualifying patient's residence shall not subject the possessor to arrest, criminal or civil liability, or sanctions under Missouri law, provided that the possessor produces on demand to the appropriate authority a valid qualifying patient identification card: a valid qualifying patient cultivation identification card; a valid physician certification while making application for an identification card: or a valid primary caregiver identification card. Production of the respective equivalent identification card or authorization issued by another state or political subdivision of another state shall also meet the requirements of this subdivision.

(2) No patient shall be denied access to or priority for an organ transplant because they hold a qualifying patient identification card or use marijuana for medical use.

(3) A physician shall not be subject to criminal or civil liability or sanctions under Missouri law or discipline by the Missouri State Board of Registration for the Healing Arts, or its successor agency, for owning, operating, investing in, being employed by, or contracting with any entity

licensed or certified pursuant to this section or issuing a physician certification to a patient diagnosed with a qualifying medical condition in a manner consistent with this section and legal standards of professional conduct.

(4) A health care provider shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or providing health care services that involve the medical use of marijuana consistent with this section and legal standards of professional conduct.

(5) A medical marijuana testing facility shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to the medical use of marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(6) A health care provider shall not be subject to mandatory reporting requirements for the medical use of marijuana by non-emancipated qualifying patients under eighteen years of age in a manner consistent with this section and with consent of a parent or guardian.

(7) A primary caregiver shall not be subject to criminal or civil liability or sanctions under Missouri law for purchasing, transporting, or administering marijuana for medical use to a qualifying patient or participating in the patient cultivation of up to six flowering marijuana plants per patient in a manner consistent with this section and generally established legal standards of personal or professional conduct.

(8) An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to prospective or licensed medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana dispensary facilities, medical marijuana-infused products manufacturing facilities, qualifying patients, primary caregivers, physicians, health care providers or others related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(9) Actions and conduct by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana infused products manufacturing facilities, or medical marijuana dispensary facilities licensed or registered with the department, or their employees or agents, as permitted by this section and in compliance with department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

(10) Nothing in this section shall provide immunity for negligence, either common law or statutorily created, nor criminal immunities for operating a vehicle, aircraft, dangerous device, or navigating a boat under the influence of marijuana.

(11) It is the public policy of the state of Missouri that contracts related to marijuana for medical use that are entered into by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities and those who allow property to be used by those entities, should be enforceable. It is the public policy of the state of Missouri that no contract entered into by qualifying patients, primary caregivers, medical marijuana testing facilities, medical marijuana cultivation facilities, medical marijuana-infused products manufacturing facilities, or medical marijuana dispensary facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to medical marijuana may be prohibited by federal law.]

Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.

6. [Legislation.] Law Enforcement and the Courts.

[Nothing in this section shall limit the General Assembly from enacting laws consistent with this section, or otherwise effectuating the patient rights of this section. The legislature shall not enact laws that hinder the right of qualifying patients to access marijuana for medical use as granted by this section.]

Missouri's law enforcement and its courts shall protect Cannabis users and their property without discrimination, and with every bit the effort afforded to every citizen of Missouri and our nation.
(a) The use and/or possession of Cannabis shall not be grounds for issuing a "Driving under the influence" (DUI) stop, charge, arrest or fine(s) when operating or a passenger of a motor vehicle. Stops, charges, fines and arrests shall be the product of visible and/or previously proven non-Cannabis infractions of Missouri law.
(b) No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal Cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.
(c) Asset or Civil Forfeiture shall no longer be used in the state of Missouri through association with Cannabis, Cannabis cultivation, it's use and/or possession, in any way.
(d) Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, Cannabis-only offenses, which are no longer illegal in the State of Missouri under this Act, shall be immediately released.
(e) Within 60 days of the passage of this Act, a legal document shall be developed and made available to the public ordering the immediate destruction of all Cannabis-related non-violent civil and criminal records in Missouri and for any offense covered by this amendment which is no longer illegal in the State of Missouri under this Act. This document shall be distributed to all pertinent parties throughout the state.
(f) Within 60 days, Missouri's Courts shall order the immediate expungement of civil and criminal records pertaining to all non-violent Cannabis only offenses which are no longer illegal in the State of Missouri under this Act.

7. [Additional Provisions.] Regarding Federal Law.

[(1) Nothing in this section permits a person to:

(a) Consume marijuana for medical use in a jail or correctional facility;

(b) Undertake any task under the influence of marijuana when doing so would constitute negligence or professional malpractice; or

(c) Operate, navigate, or be in actual physical control of any dangerous device or motor vehicle, aircraft or motorboat while under the influence of marijuana: or

(d) Bring a claim against any employer, former employer, or prospective employer for wrongful discharge, discrimination, or any similar cause of action or remedy, based on the employer, former employer, or prospective employer prohibiting the employee, former employee, or prospective employee from being under the influence of marijuana while at work or disciplining the employee or former employee, up to and including termination from employment, for working or attempting to work while under the influence of marijuana.

(2) No medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility, or entity with a transportation certification shall be owned, in whole or in part, or have as an officer, director, board member, manager, or employee, any individual with a disqualifying felony offense. A "disqualifying felony offense" is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the department determines that:

(a) The person's conviction was for the medical use of marijuana or assisting in the medical use of marijuana; or

(b) The person's conviction was for a non-violent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses.

The department may consult with and rely on the records, advice and recommendations of the Attorney General and the Department of Public Safety, or their successor entities, in applying this subdivision.

(3) All medical marijuana cultivation facility, medical marijuana dispensary facility, and medical marijuana-infused products manufacturing facility licenses, entities with medical marijuana testing facility certifications, and entities with transportation certifications shall be held by entities that are majority owned by natural persons who have been citizens of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, entities outside the state of Missouri may own a minority stake in such entities.

(4) No medical marijuana cultivation facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility shall manufacture, package or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between a marijuana or marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional department sanction, up to and including loss of license.

(5) All edible marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with dosage amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled, in a font size at least as large as the largest other font size used on the package, as containing "Marijuana," or a " Marijuana-Infused Product." Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty.

(6) No individual shall serve as the primary caregiver for more than three qualifying patients.

(7) No qualifying patient shall consume marijuana for medical use in a public place, unless provided by law. Violation of this prohibition shall subject the violator to sanctions as provided by general law.

(8) No person shall extract resins from marijuana using dangerous materials or combustible gases without a medical marijuana-infused products manufacturing facility license. Violation of this prohibition shall subject the violator to department sanctions, including an administrative penalty and, if applicable, loss of their identification card, certificate, or license for up to one year.

(9) All qualifying patient cultivation shall take place in an enclosed, locked facility that is equipped with security devices that permit access only by the qualifying patient or by such patients primary caregiver. Two qualifying patients, who both hold valid qualifying patient cultivation identification cards, may share one enclosed, locked facility. No more than twelve qualifying patient or primary caregiver cultivated flowering marijuana plants may be cultivated in a single, enclosed locked facility, except when a primary caregiver also holds a qualifying patient cultivation identification card, in which case no more than eighteen flowering marijuana plants may be cultivated in a single, enclosed, locked facility.

(10) No medical marijuana cultivation facility, medical marijuana dispensary facility, medical marijuana-infused products manufacturing facility, medical marijuana testing facility, or entity with a transportation certification shall assign, sell, give, lease, sublicense, or otherwise transfer its license or certificate to any other entity without the express consent of the department, not to be unreasonably withheld.

(11) Unless allowed by the local government, no new medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana dispensary facility, or medical marijuana-infused products manufacturing facility shall be initially sited within one thousand feet of any then-existing elementary or secondary school, child day-care center, or church. No local government shall prohibit medical marijuana cultivation facilities, medical marijuana testing facilities, medical marijuana infused products manufacturing facilities, or medical marijuana dispensary facilities, or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a medical marijuana cultivation facility, medical marijuana testing facility, medical marijuana-infused products manufacturing facility, medical marijuana dispensary facility, or entity holding a transportation certification that may operate in such locality.

(12) Unless superseded by federal law or an amendment to this Constitution, a physician shall not certify a qualifying condition for a patient by any means other than providing a physician certification for the patient, whether handwritten, electronic, or in another commonly used format. A qualifying patient must obtain a new physician certification at least annually.

(13) A physician shall not issue a certification for the medical use of marijuana for a non-emancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. The department shall not issue a qualifying patient identification card on behalf of a non-emancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. Such card shall be issued to one of the parents or guardians and not directly to the patient. Only a parent or guardian may serve as a primary caregiver for a non-emancipated qualifying patient under the age of eighteen. Only the qualifying patient's parent or guardian shall purchase or possess medical marijuana for a non-emancipated qualifying patient under the age of eighteen. A parent or guardian shall supervise the administration of medical marijuana to a non-emancipated qualifying patient under the age of eighteen.

(14) Nothing in this section shall be construed as mandating health insurance coverage of medical marijuana for qualifying patient use.

(15) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for medical use or for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.]

Pursuant to the Ninth and Tenth Amendments to the Constitution of the United States, the people of Missouri hereby repudiate and challenge federal Cannabis prohibitions that conflict with this Act.

8. [Severability.] **Existing Local, State and Federal Law.**

[The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.]

All provisions of this section shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

9. [Effective Date.] **Implementation.**

[The provisions of this section shall become effective on December 6, 2018.]

The dictates of this Initiative, unless otherwise indicated by this initiative, shall be implemented no later than **January 31st, 2021.**

RECEIVED
MAY 03 2019
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

May 3, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Heidi Miller regarding a proposed constitutional amendment to Article IV (2020-063)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Heidi Miller on May 2, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2020 MAY -2 PM 1:57

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it resolved by the people of the State of Missouri that the Constitution be amended:

Article IV of the Constitution is revised by adding one new section to be known as Article IV, Section 36(c) to read as follows:

Section 36(c). 1. Notwithstanding any provision of law to the contrary, beginning July 1, 2021, individuals nineteen years of age or older and under sixty-five years of age who qualify for MO HealthNet services under 42 U.S.C. Section 1396a(a)(10)(A)(i)(VIII) and as set forth in 42 C.F.R. 435.119, and who have income at or below one hundred thirty-three percent of the federal poverty level plus five percent of the applicable family size as determined under 42 U.S.C. Section 1396a(e)(14) and as set forth in 42 C.F.R. 435.603, shall be eligible for medical assistance under MO HealthNet and shall receive coverage for the health benefits service package.

2. For purposes of this section, "health benefits service package" shall mean benefits covered by the MO HealthNet program as determined by the department of social services to meet the benchmark or benchmark-equivalent coverage requirement under 42 U.S.C. Section 1396a(k)(1) and any implementing regulations.

3. No later than March 1, 2021, the Department of Social Services and the MO HealthNet Division shall submit all state plan amendments necessary to implement this section to the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services.

4. The Department of Social Services and the MO HealthNet Division shall take all actions necessary to maximize federal financial participation in funding medical assistance pursuant to this section.

5. No greater or additional burdens or restrictions on eligibility or enrollment standards, methodologies, or practices shall be imposed on persons eligible for MO HealthNet services pursuant to this section than on any other population eligible for medical assistance.

6. All references to federal or state statutes, regulations or rules in this section shall be to the version of those statutes, regulations or rules that existed on January 1, 2019.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-063)

Subject

Initiative petition from Heidi Miller regarding a proposed constitutional amendment to Article IV. (Received May 3, 2019)

Date

May 23, 2019

Description

This proposal would amend Article IV of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Heidi Miller, MD, **Timothy McBride, PhD**, and **Abigail Barker, PhD** provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated they report no fiscal impact for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated they defer to the Department of Social Services to calculate the fiscal impact of the proposed legislation.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated they defer to the Department of Social Services for an estimate of fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Department of Social Services.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no impact to their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated this initiative petition will impact the budgets of the Department of Social Services, Department of Mental Health, the Department of Corrections, and the Department of Health & Senior Services by proposing the expansion of Medicaid eligibility.

Article IV, Section 36(c):

- Today, Missouri covers custodial parents below 19% of the federal poverty level (FPL), which for a family of four is currently $4,769 per year. In addition, non-custodial adults and childless adults without other qualifying criteria are not currently eligible for Medicaid in Missouri regardless of income.

- The Affordable Care Act allows states to expand health care coverage under the Medicaid program to non-elderly, non-Medicare, low-income adults up to 133% of the FPL. The same law includes a 5% disregard of income when determining eligibility for health care benefits; thus, adults with incomes up to 138% FPL will qualify. For a family of four in Missouri, this is currently income up to $34,638 per year.

- The Family Support Division estimates a need of an additional 56 Eligibility Specialists, 6 Eligibility Supervisors, and 1 Social Services Manager to assist in enrolling new participants. The estimated cost for the new full time employees (FTEs) is $4.6 million.

- The Family Support Division estimates increased costs for the call center for eligibility questions is $9.1 million.

- MO HealthNet would need to contract with an actuary to provide actuarially sound managed care rates. MO HealthNet estimates this cost to be approximately $500,000 based on the previous scope for expansion.

- MO HealthNet estimates a need of an additional 15 Correspondence and Info Specialists, 18 Medicaid Specialists, 15 MASII, and 2 Social Services Managers to provide call center and customer service support, tracking, and reporting claims data. The estimated cost for the new FTEs is $4.1 million.

- MO HealthNet estimates changes to the Medicaid Management Information System (MMIS) would be in excess of $5 million.

- OA-ITSD estimates costs for system changes related to Medicaid Expansion to be approximately $657,000 for the first year, and $289,000 for the second year.

- The expansion of eligibility for Medicaid benefits under the proposed federal program could potentially include coverage for an estimated 250,000 additional Missourians. The costs for this expansion would be in excess of $2 billion per year. The expansion population state match would be at least 10%; however, that match is subject to change as federal law is amended. Depending on implementation requirements from CMS, there could be some costs shifted from state funds to federal funds; however, the cost of implementing this proposal will result in a significant cost in state general revenue. The overall estimated general revenue cost for implementation of this proposal is estimated to exceed $200 million.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition would not have a fiscal impact on their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated they are deferring to the Department of Social Services for the fiscal impact of this initiative petition.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions

certified for the ballot. In FY (fiscal year) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from the **City of Kansas City** indicated this amendment will have a positive fiscal impact on their city, in an indeterminate amount, because it will increase the benefits people receive thus freeing up their city's health levy dollars for other uses.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Heidi Miller, MD, **Timothy McBride, PhD**, and **Abigail Barker, PhD** provided the following information:

May 8, 2019

Nicole Galloway, CPA
Missouri State Auditor
301 West High Street, Rm 880
Jefferson City, Missouri 65102
Sent to *moaudit@auditor.mo.gov*

Ms. Galloway,

On May 2, I submitted a constitutional amendment (2020-063) to expand access to health care for more than 300,000 Missourians. I understand that in the process of certifying this initiative for signature collection, your office will provide a fiscal note and fiscal note summary. To aid in this process, I'd like to share the attached document "Analysis of the Fiscal Impact of Medicaid Expansion in Missouri," which was funded by the Missouri Foundation for Health and produced by the Center for Health Economics and Policy at Washington University in St. Louis. I am also including a memo that was requested by your office as part of the process to develop the fiscal note for 2020-053.

To complete this analysis, Center researchers conducted reviews of other states' experiences, including reports at the national level by the Urban Institute, Robert Wood Johnson Foundation, the Commonwealth Fund, and the Centers for Medicare and Medicaid Services. They relied upon published Missouri Medicaid enrollment and cost data as well as a prior fiscal analysis of Medicaid expansion conducted by the Department of Social Services, and the Office of Administration in the Governor's Office, in 2014. They also carried out independent analyses of American Community Survey data and Medical Expenditure Panel Survey data.

Drawing upon these data sources and making conservative assumptions at every step, the report concludes that Medicaid expansion in Missouri is cost neutral and could create cost savings. **The best-estimate is that Medicaid expansion in Missouri will reduce the state's 2020 financial obligation by $39 million.**

If you or a member of your staff would like to meet and discuss this analysis further, I am happy to connect you with Timothy McBride PhD and Abigail Barker PhD who authored the report. Thank you for your service to Missourians and the opportunity to share this analysis to inform the fiscal note process.

Sincerely,

Heidi Miller, MD
314-400-8446
millerheidib@gmail.com

Center for Health Economics and Policy
INSTITUTE FOR PUBLIC HEALTH AT WASHINGTON UNIVERSITY

EXECUTIVE SUMMARY

Analysis of the Fiscal Impact of Medicaid Expansion in Missouri

February 2019

Introduction

Although the Affordable Care Act (ACA) of 2010 directed the expansion of Medicaid to cover all adults with incomes up to 138% of the Federal Poverty Level (FPL), a subsequent Supreme Court ruling in 2012 made this expansion optional. Thus far, 37 states have expanded their programs. This analysis estimates the impact of an expansion of Medicaid in Missouri on the state budget. The full report outlines the important background, sources of data, methods, and assumptions used to generate these estimates. The "best estimate" of the impact on the state budget is presented, along with some sensitivity analysis to show the impact of crucial assumptions on the estimate. There are about 18-20 assumptions made in creating this analysis for 2020, but several of them are quite minor, and most of them have very little impact on the state's overall financial obligation. The most influential assumptions are highlighted and discussed in the full report.

Results for 2020

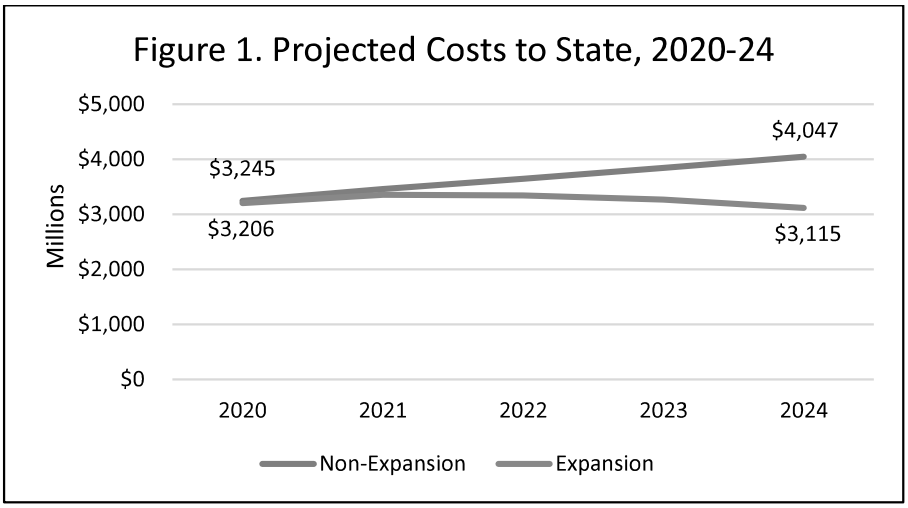
Using the best available data we estimate that about 231,000 adults would take up Medicaid in 2020 (out of a total eligible of about 315,000) and be part of the expansion population. In addition, about 40,500 children in families with income below 138% of the FPL would be added to the Medicaid population in 2020. This brings the total estimate of the population that could be enrolled in an expansion to 271,500. Assuming a 4.5% annual growth rate in projecting FY2017 values to FY2020, and assuming that DSH cuts occur as currently specified in federal law, **we find that a Medicaid expansion in Missouri is approximately revenue neutral and could create cost savings**. This analysis finds that the total state obligation (general revenue plus other sources, excluding provider tax revenues) in 2020 is about $3.245 billion in the absence of expansion and $3.206 billion in the presence of an expansion, for **a savings of about $39 million**.

Key Assumptions	**Lower Bound**	**Best Estimate**	**Upper Bound**
Total New Adult Eligible Population	270,000	315,000	360,000
Average Take-up Rate	68%	73%	78%
New Enrollee Cost, PMPM	$350	$425	$525
% Never-Dual Who Forgo P&TD Pathway	40%	30%	20%
Key Findings			
State Obligation with Expansion	$3,150.4M	**$3,206.1M**	$3,287.3M
State Obligation without Expansion	$3,245.0M	$3,245.0M	$3,245.0M
Net Change	**-$94.6M**	**-$38.9M**	**+$42.3M**

In addition to our estimate, the table shows two additional estimates based on changes in the key assumptions. These estimates should be viewed as lower and upper bounds for the actual value, as many assumptions must be set at the extreme end of their likely ranges in order to obtain these values. **The most likely result, if assumptions vary moderately in either direction from our choices, is a value that is plus or minus $30 million of the best estimate.**

Projections, 2020-24

The last piece of the analysis is to extend these projections to 2024. As mentioned previously, we expect a cumulative effect to occur due to attrition from the permanently and totally disabled Medicaid category. Due to the significant savings expected from this population, by 2023 our projection shows the state's obligation actually declining compared to 2020. Thus, Figure 1 shows that, beginning with the "best estimate" values for 2020, and continuing to assume a 4.5% growth rate in prices and utilization, by 2024 the annual savings due to expansion is estimated to be about $932 million. The projection also includes an annual population growth rate of 0.66% for both scenarios.



Conclusion

This analysis has shown that expansion of Medicaid in Missouri is close to budget neutrality and actually has an estimated savings of $39 million. While this value is our best estimate, we also provide a range of -$95 million to +$42 million, which should be considered the lower and upper bounds of what the net impact to the state, within the MO Healthnet program, would be in FY2020. Other forms of savings across other departments, as well as increases to general revenue, are likely. There are numerous benefits in terms of health outcomes that have been documented in other states, many of which will likely generate economic dividends over time, as investment in a healthy workforce has been shown in other settings to create savings.

About Missouri Foundation for Health

This report is supported by Missouri Foundation for Health, a resource for the region, working with communities and nonprofits to generate and accelerate positive changes in health. As a catalyst for change, the Foundation improves the health of Missourians through partnership, experience, knowledge, and funding.

Analysis of the Fiscal Impact of Medicaid Expansion in Missouri

February 2019

To complete this analysis, Center researchers conducted reviews of all existing documentation of other states' experiences, including reports at the national level by the Urban Institute, Robert Wood Johnson Foundation, the Commonwealth Fund, and the Centers for Medicare and Medicaid Services. We relied upon published Missouri Medicaid enrollment and cost data as well as a prior fiscal analysis of Medicaid expansion conducted by the Department of Social Services in 2014. We also carried out independent analyses of American Community Survey data and Medical Expenditure Panel Survey data. Parts of the analysis were informed by a discussion with analysts at The Urban Institute. The key assumptions were vetted by health policy staff at the Missouri Foundation for Health, the Missouri Hospital Association, the Missouri Primary Care Association, and others.

Introduction

Although the Affordable Care Act (ACA) of 2010 directed all states and the District of Columbia to expand their Medicaid programs to cover all adults with incomes up to 138% of the Federal Poverty Level (FPL), a subsequent Supreme Court ruling in 2012 made this expansion optional. Initially, in 2014, 25 states expanded their programs. Subsequently, eight additional states expanded their programs through legislative action, and in 2017-18, four states passed ballot initiatives to expand.[1] Early evidence from multiple states indicates that expansion has a positive impact on state budgets; due to the increased federal match available for expansion populations, some states have even realized net cost savings.

The goal of this analysis is to estimate the impact of an expansion of Medicaid in Missouri (to 138% of the FPL) in 2020 for the first five years of expansion on the state budget. This report outlines the important background, sources of data, methods, and assumptions used to generate these estimates. The "best estimate" of the impact on the state budget is presented, along with some sensitivity analysis to show the impact of crucial assumptions on the estimate. A companion spreadsheet to this report allows the user to vary all assumptions as desired.

Background

In the first three years after the implementation of the ACA (2014-16), expansion states received 100% federal match on spending for newly eligible populations, which ensured that states' budgets would not be negatively impacted due to upfront costs or high pent-up demand. From 2017 to 2020, the federal matching rate is being gradually reduced to 90%. This was expected to have a minimal impact on state budgets, given the likelihood that cost savings would ultimately occur as better access to care would both decrease uncompensated care and

increase prevention and early intervention in the course of disease treatment, resulting in very little net cost to the states.[2] However, for states such as Missouri that did not expand Medicaid during that window, the challenge when considering a later expansion is that the federal match is initially set at 90%, meaning that the state budget must cover 10% of the costs of expansion, and any upfront costs or high pent-up demand are not fully covered.

Furthermore, prior to the ACA, Missouri's eligibility levels for parents were among the lowest in the United States. Although most states, like Missouri, previously offered no coverage to childless adults, this still creates some difficulty in applying other states' outcomes to Missouri, as the newly eligible population would contain a disproportionate share of extremely low-income parents. Conversely, because Missouri did not expand Medicaid in 2014, a large share of otherwise eligible people with slightly higher incomes (100% to 138% FPL) obtained highly subsidized coverage through health insurance marketplaces of the ACA, and these people may now be better managing their health conditions or have less pent-up demand for health care services. These caveats suggest that a range of values be considered as representative of the costs of the expansion population.

Finally, Missouri's reliance on provider taxes and other forms of revenue to finance its Medicaid program is much greater than in other states.[3] Because of the magnitude of the provider tax programs, it is important to consider the role these have played in drawing down federal dollars and how this might change in an environment of Medicaid expansion. Current federal law also specifies cuts to the Disproportionate Share Hospital (DSH) program beginning in 2020, and since Missouri's state share of DSH-eligible expenditures is financed through provider taxes, it is important to consider the potential impact of a cut to the cap on federal matching funds.

Data and Methods

Cost and financial data for this analysis come primarily from aggregation of MO HealthNet Monthly Management Reports for fiscal year 2017, as this was the last full fiscal year of data available at the start of the project.[4] These data have been supplemented by information on the Federal Reimbursement Allowance (FRA) from the Missouri Hospital Association (MHA), which administers that program.[5] Supplemental cost data have also been calculated using the Medical Expenditure Panel Survey (MEPS), 2015-16.

Information on the size and composition of the population that would potentially enroll in a MO HealthNet expansion comes from census data: the 2017 American Community Survey (ACS) has been analyzed for Missouri and checked against administrative (enrollment) counts. In certain cases, we relied on information from a 2014 Missouri Department of Social Services (DSS) analysis of the impact of Medicaid expansion, in particular for estimating proportions of existing Medicaid eligibility groups whose incomes would qualify them for coverage under an expansion.

Methods for processing the ACS data include restricting the sample to individuals in households earning at or below 138% FPL, then combining responses to a series of questions on insured status, removing those with Medicare and Medicaid while sorting others into categories. As detailed in the next section, we separate those with employer coverage, those with other private coverage, and those without insurance, because we assume different take-up rates will apply to these three groups.

Assumptions

There are about 18-20 assumptions made in creating this analysis for 2020, but several of them are quite minor, and most of them have very little impact on the state's overall financial obligation. We highlight and discuss the most influential assumptions below, including ways in which other states' experience may inform that of Missouri, and conclude with a list of other assumptions made.

- **How many adults will enroll?**

  The Kaiser Family Foundation (KFF) estimated for Missouri in 2016 that 199,000 uninsured adults would be eligible for Medicaid under an expansion, which excludes those currently buying Marketplace coverage (about 72,500 with incomes below 138% FPL in 2018[6]) as well as those already eligible but not enrolled.[7] This suggests a total of at least 271,500 adults *eligible*. The Urban Institute estimates a total of 352,000 new enrollees (non-elderly adults and children) in Missouri *will actually enroll* in the event of an expansion.[8]

  Our own analysis of ACS data indicates that roughly 458,000 nonelderly adult citizens of Missouri with incomes below 138% of the FPL are potentially eligible for expansion, including about 190,000 uninsured adults, 72,400 with private coverage from another source, and 195,750 adults with employer-sponsored insurance (ESI) coverage. Looking first at the currently uninsured population, there is some literature available on take-up rates: Urban Institute has found an average 73% take-up across existing expansion states, although they note that actual take-up rates have varied by state due to factors such as executive branch commitment, the role of private organizations, the political climate, etc. **We apply a 73% take-up rate to the ACS-based estimates of about 190,000 uninsured.**

  We assume that a small number of those with ESI may be willing to take up Medicaid and drop their ESI coverage, which is known as "crowd out." According to KFF, studies exploring the potential for Medicaid expansion to crowd out private insurance have found mixed results, with most showing no evidence of crowd out and some showing slight declines in private coverage in expansion states following expansion. **We use a 10% crowd-out rate.**

  As noted, the ACS indicates that about 72,400 adults age 18-64 below 138% of the FPL hold private non-ESI coverage, meaning they likely purchase it directly from an insurance company (potentially subsidized through the Health Insurance Marketplaces). Since all Medicaid coverage has a zero premium, making this the dominant choice for such individuals, **we assume that all (100%) of those with other private coverage would take up Medicaid coverage.**

  Combining these assumptions, we estimate that about 231,000 adults would take up Medicaid in 2020 and be part of the expansion population. (Note that this is equivalent to an average take-up rate of 73% applied to a combined potential adult population of about 315,000.)

- **How many kids will enroll?**

  Our estimate includes the possibility that some children who are currently eligible for Medicaid but are enrolled in private coverage or uninsured may enroll during an expansion, which is reflected in an

increased budget for kids at the standard match. Analysis of the data for children under age 18 and with family income below 138% of the FPL suggests that about 30,000 children are currently uninsured, that roughly 15,000 children have private, non-ESI coverage, and that 77,000 have ESI coverage derived from a parent. That there remain any uninsured children under 138% of the FPL may seem perplexing since all are currently eligible for Medicaid and have been for years. On the other hand, there are several reasons that some parents may have chosen not to sign their eligible children up for Medicaid. These include: stigma, lack of awareness that they are eligible, barriers to obtaining coverage (complexity of the system and many bureaucratic requirements), parents' immigration status, and the possibility that if the children are very healthy the parents may not see the need to obtain coverage.

Experience from ACA implementation has shown that a large number of children have obtained coverage due to ACA coverage expansions even though they were eligible prior to 2014, in what is often characterized as the "woodwork effect." For this and other reasons, we assume that some children will obtain coverage after a Medicaid expansion, but also that there remain some underlying reasons why some children will never be signed up for coverage. **We assume take-up rates of 66%, 9%, and 90% respectively (reducing the adult values of 73%, 10%, and 100% by 10%) for a total of about 40,000 kids being added to Medicaid at the standard match.** Note that a few higher-income kids would likely enroll in SCHIP, pay premiums, and be eligible for the enhanced FMAP associated with that program, which is not reflected in the model.

The assumptions made here imply that about 40,500 children who are citizens and in families with income below 138% of the FPL would be added to the Medicaid population in 2020. This brings the total estimate of the population that could be enrolled in an expansion to 271,500.

- **How much will the adult expansion population cost?**

As noted above, a range of information is available to address this question. One option is to use the average cost of a current adult, non-pregnant recipient who is not aged, blind, or disabled (ABD). In FY17, this was $459/month, including pharmacy, which represented about 25% of that cost. Evidence from other states suggests that the new enrollees will be less expensive, possibly not initially, but after the first couple of years. Since Missouri's eligibility level is so low, it suggests that the average cost may not be representative of the general Medicaid expansion population, who may be healthier.

Another approach is to analyze Medical Expenditure Panel Survey (MEPS) data, which is not Missouri specific, but which can generate average total health expenditures across demographic groups (age, gender) and self-reported health status. These average costs can then be combined with CPS data in which counts of the eligible population by age, gender, and self-reported health status in Missouri are specified. When analyzing costs for low-income Midwestern MEPS respondents with public insurance or no insurance, this method gives an estimated cost of about $340/month in 2018 dollars. This is likely a low estimate due to some uninsured people not seeking needed care.

Other states have reported data on this issue, but it is difficult to separate out the costs of the truly newly eligible, who are more likely to be relatively healthy, and the spend-down population, who are by

definition incurring unusually high costs. The latter group – or the subset who are eligible for expansion by reason of their income – typically becomes incorporated into the expansion cost data. We assess this group separately in the next section. To inform our estimate, we reviewed analyses from several Medicaid expansion states as well as considering a CMS report that summarizes data on expenditures for expansion states.[9] We expect that the newly eligible population will be slightly healthier and less expensive than the current adult non-ABD population, i.e., custodial parents with incomes less than 20% FPL.

We use a cost estimate of $425/PMPM for the newly eligible, but we consider a range from $350 to $525, noting that a bell-shaped distribution applies to this (and all) estimates and that the extreme ends of the range are considered unlikely.

- **How much can be saved on the spend-down population?**

FY2017 enrollment data show that about 8.5% of the ABD population is considered "spenddown." This category of individuals earns too much to qualify for Medicaid, but are able to gain Medicaid coverage by documenting their high out-of-pocket costs that effectively reduce their income to the qualifying level. Fiscal data show that total spending across the entire ABD population is about $5.7 billion. If we assume proportionality, then about $480 million is spent by this population. (In fact, it is likely much greater than this. A Kaiser report found in 2012 that on average, the medically needy population in 2009 was 5% of enrollment but incurred 11% of costs, and this is a similar group.)[10] Thus, when estimating spending on this population, we make the conservative assumption that they are 25% more expensive than proportionality would suggest.

Data from Arkansas show that their spend-down disabled population was actually reduced by 87.2% pre/post expansion (although the overall size of the population was much smaller to start), allowing significant savings to occur through the increased match.[11] Washington state expected savings of $35 million in FY2015 (year two of implementation)[12] on a pre-ACA spend-down population of about 12,000.[13] Missouri's population averages about 19,000, so a savings of $55 million by year two would be predicted on this basis.

Finally, an earlier DSS analysis found that about 14.5% of the spend-down population would qualify for expansion – because this subgroup of individuals are not on Medicare and have incomes between 85% and 138% FPL, so they would be immediately eligible under the Medicaid expansion without having to spend down first – so we use 14.5% of 8.5% of the original permanently and totally disabled (PT&D) spending, scaling up by 25% as mentioned above, to determine that **about $70.7 million in P&TD spending would be subject to the new 90% match, saving about $17.4 million.**

- **How much can be saved on the disabled population that never becomes dual eligible?**

Previous DSS analysis of enrollment patterns found that about 47% of persons who applied for Supplemental Security Income (SSI) benefits did not ever become disabled according to that standard and thus were not ultimately dually Medicare- and Medicaid-eligible. That analysis also made the assumption that about 25% of this group, on a rolling basis, would not elect to apply for Medicaid through obtaining P&TD eligibility if they were instead eligible through an expansion. This translates into about a 4.9%

annual rate of attrition from the standard match rate and to the 90% match rate: each year, 4.9% of the total P&TD enrollment will be replaced by expansion-population enrollment.[14] This is one key assumption in the model that has a cumulative impact over time, which will be reflected in the five-year horizon analysis. We do assume that the impact tapers off over the course of the five years.

Data from Arkansas show that their disabled SSI population was actually reduced by 6.6% pre/post expansion, allowing significant savings to occur through the increased match.[15] They expected to save $45 million in FY2016. Kentucky expected to save $8 million in FY2015. In Oregon, new enrollees seeking disability determinations dropped by 80% in one year.[16]

Of the 47% who never become dually eligible, **we assume 30% of them will forgo the P&TD pathway in the presence of an expansion**. This represents a slight increase from the assumption made in the previous DSS analysis, informed by the experiences of several states and resulting in an overall annual attrition rate of 4.9% and corresponding to about a $55 million savings in FY2020 (similar to Arkansas when adjusted for inflation and the size of its P&TD population). We also note that this is a key driver of cost savings, and every effort should be made to strategize the best way to create fiscal savings while ensuring that those with some level of disability are making the best choice for their situation.

- **What is the growth rate of spending (inflation) and of the population likely to be?**

Growth rates in Medicaid spending, not including growth due to enrollment changes, has averaged 4-5% over the past several years. This includes inflation, measured by the CPI, which is typically about 2%. The remainder of growth is due to what may be broadly termed "utilization" and refers to the amount and intensity of services needed by the enrolled population. **An annual spending growth rate of 4.5% is used**, and when projecting forward to 2024, we also add in a population growth rate of 0.66% annually to ensure that we adequately account for the fact that the much more inclusive "expansion population" eligibility category may increase proportional to Missouri's average population growth rate. We note that by 2024 and beyond, it is likely that utilization growth may be arrested and may even reverse slightly due to increased access to preventive care and primary care services, but this is not reflected in our estimates.

- **What other assumptions are needed?**

All programs for adults not required by law are subsumed into Medicaid expansion, and all spending on these programs receives the 90% match instead of the standard match. This includes Blind Pensions, Presumptive Eligibility, Ticket to Work Health Assurance, Breast/Cervical Cancer Treatment, and Women's Health Services. This generates significant savings, in particular, on Medicaid for Pregnant Women in Poverty, as 94% of participants (about 13,000) would be eligible under expansion according to prior DSS analysis. A total of about 19,000 beneficiaries would be converted to expansion and receive the 90% match (not counting the enrollment of about 68,000 in Women's Health Services).

We also assume that the FRA rate would decline somewhat due to an expansion, both because some of the funding is tied to uncompensated care and because of internal MHA formulas that ensure fairness across hospitals with varying Medicaid patient volume. A related assumption is that DSH allotments would be reduced further (based upon published information about DSH reduction methodology[17]) if

Missouri expands Medicaid and thus has less uncompensated care. Also related is our assumption regarding "direct Medicaid FRA" spending – spending that is administered by MHA outside the state budget and helps "top up" the low reimbursement rates to hospitals – which is that because about 4% of total hospital spending is made in relation to claims for P&TD patients who would become expansion population, this spending will also receive a higher match.

Results for 2020

Assuming a 4.5% annual growth rate in projecting FY2017 values to FY2020, and assuming that DSH cuts occur as currently specified in Federal law, **we find that a Medicaid expansion in Missouri is approximately revenue neutral and could create cost savings**. With the assumptions outlined in the previous section, we find that the total state obligation (general revenue plus other sources, excluding provider tax revenues) in 2020 is about $3.245 billion in the absence of expansion and $3.206 billion in the presence of an expansion, for **a savings of about $39 million**.

	Lower Bound	**Best Estimate**	**Upper Bound**
Total New Adult Eligible Population	270,000	315,000	360,000
Average Take-up Rate	68%	73%	78%
New Enrollee Cost, PMPM	$350	$425	$525
% Never-Dual Who Forgo P&TD Pathway	40%	30%	20%
State Obligation with Expansion	$3,150.4M	**$3,206.1M**	$3,287.3M
State Obligation without Expansion	$3,245.0M	$3,245.0M	$3,245.0M
Net Change	**-$94.6M**	**-$38.9M**	**+$42.3M**

In addition to our estimate, the table shows two additional estimates based on changes in the key assumptions discussed above. These estimates should be viewed as lower and upper bounds for the actual value, as many assumptions must be set at the extreme end of their likely ranges in order to obtain these values. **The most likely result, if assumptions vary moderately in either direction from our choices, is a value that is within +/- $30m of our best estimate.** Nonetheless, for transparency in communicating the importance of key assumptions, we show:

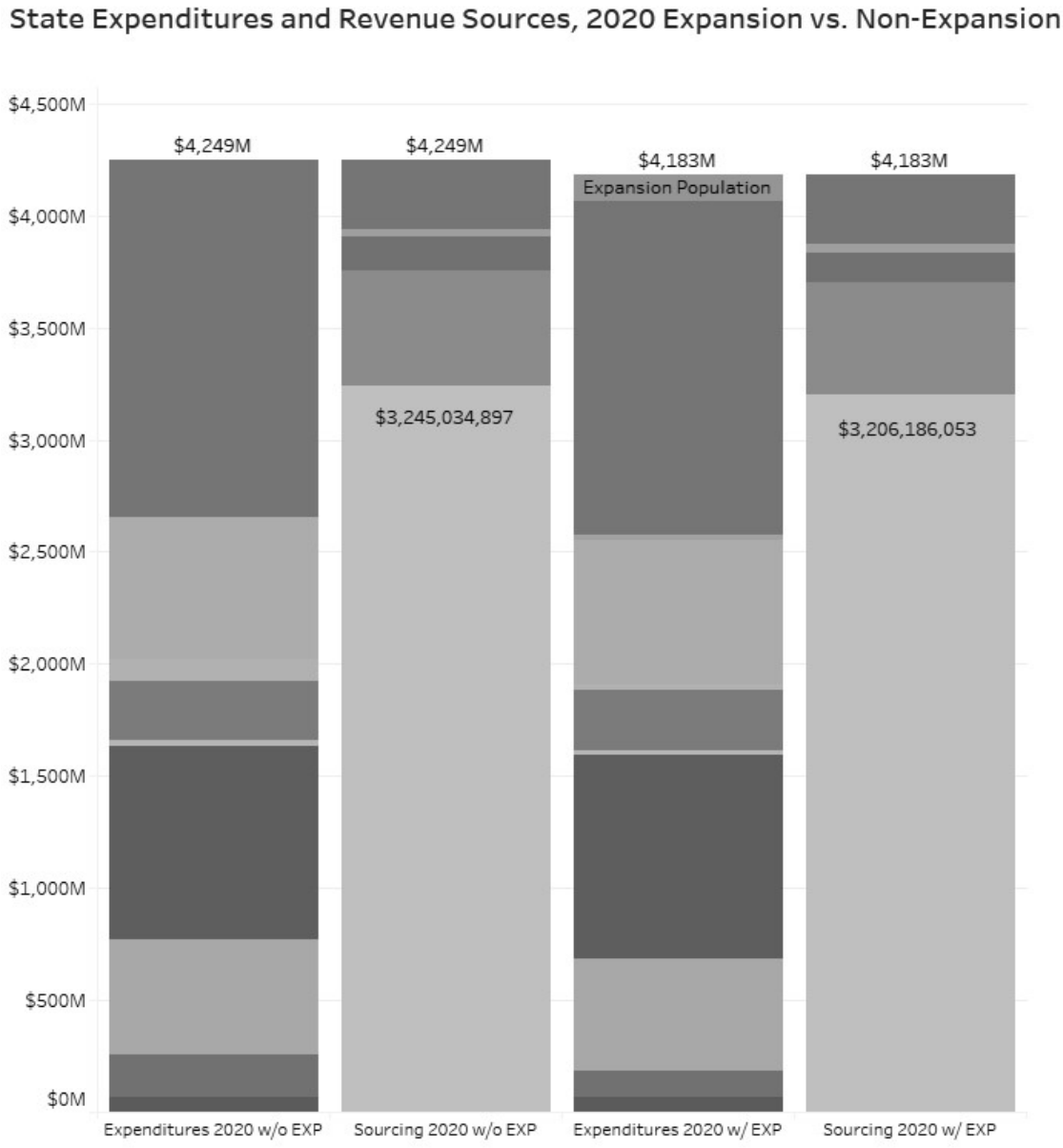
- A worst-case scenario, in terms of immediate fiscal impact, would occur due to higher than expected take-up rates and PMPM costs, along with lower numbers of P&TD applicants switching to the expansion eligibility pathway and smaller costs currently associated with the P&TD spenddown population. With all worst-case assumptions in place, the state obligation under expansion is estimated to be $3.287 billion, or $42 million higher than the $3.245 billion in the non-expansion case.
- A best-case scenario, in terms of immediate fiscal impact, would occur due to lower than expected take-up rates and PMPM costs, along with higher numbers of P&TD applicants switching to the expansion eligibility pathway and larger costs currently associated with the P&TD spenddown population. With all best-case assumptions in place, the state obligation under expansion is estimated to be $3.150 billion, or $95 million lower than the $3.245 billion in the non-expansion case.

Note that this is a very narrowly defined impact insofar as higher take-up rates are associated with more individuals obtaining coverage and needed medical services, which is likely to have social and economic benefits beyond the MO HealthNet program.

Finally, we consider the possibility that DSH cuts are postponed or eliminated, and we find that the state budget improves in both cases. The gap between expansion and non-expansion widens slightly – assuming that DSH cuts would be more dramatic in the case of expansion – but in general the outcomes are similar: costs are higher ($3.213 billion) without expansion than they are with expansion ($3.159 billion).

For the assumptions corresponding to our "best estimate," the resulting costs are compared in Figure 1. The first two columns are expenditures and sourcing in 2020 without expansion, and the last two columns are expenditures and sourcing with expansion. Of note are the labeled gold rectangles which represent the state's obligation from general revenue and other funds (not including provider taxes).

Figure 1.

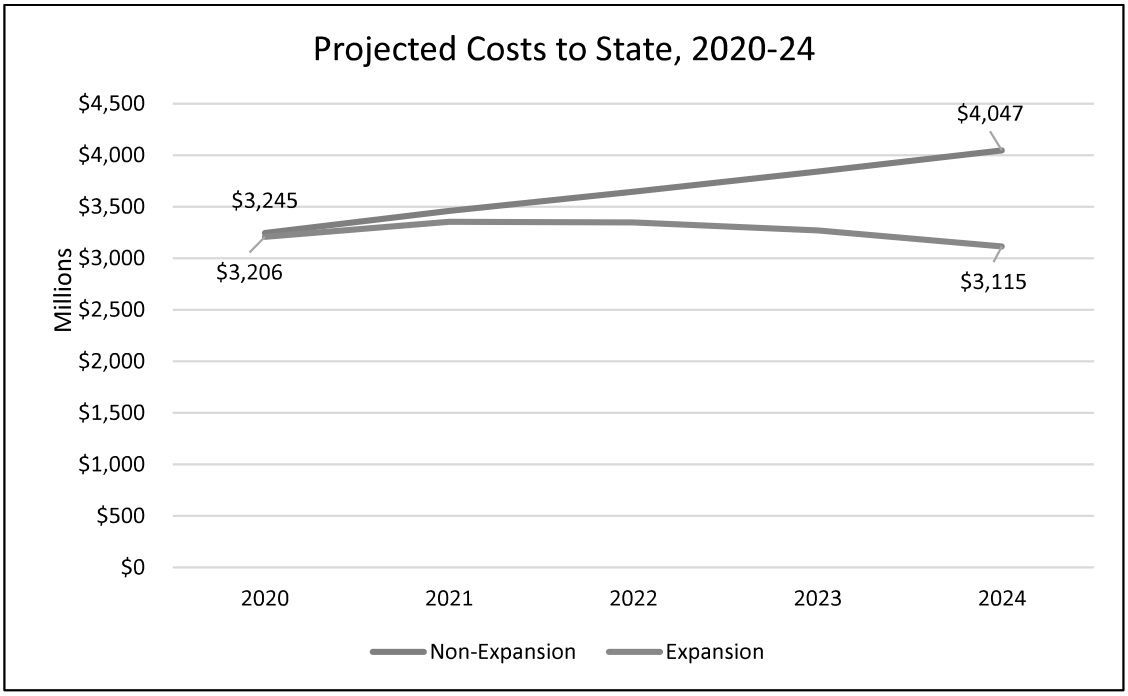


Projections, 2020-24

The last piece of the analysis is to extend these projections to 2024. As mentioned previously, we expect a cumulative effect to occur due to attrition from P&TD enrollment, which is included. Due to the significant savings expected from this population, by 2023 our projection shows the state's obligation actually declining compared to 2020. Another factor that also contributes is the DSH cuts, which in an expansion scenario are less challenging for the state budget due to more FRA provider tax revenues being able to be spent on expansion-eligible individuals, thereby receiving a 90% match that is not limited by the DSH cap, which applies to uncompensated care.

Thus, Figure 2 shows that, beginning with the "best estimate" values for 2020, and continuing to assume a 4.5% growth rate in prices and utilization, by 2024 the annual savings due to expansion is estimated to be about $932 million. The projection also includes an annual population growth rate of 0.66% for both scenarios.

Figure 2.



Not reflected in this projection is the likelihood that better access to care, especially access to prevention and management of chronic conditions, is likely to have a dampening effect on growth of costs for both the expansion population as well as the P&TD population over time. These effects may occur at significant rates after the first few years of expansion.

Also not reflected is the possibility that the Federal Matching Assistance Percentage (FMAP) may not be constant over the five years. Since the FMAP formula is determined based on a state's per capita income relative to the U.S. average, it is difficult to predict. However, it has fallen over the past few years, suggesting Missouri has been more stagnant than some other states, so it seems reasonable to make the neutral assumption that the FMAP does not change.

Additional Considerations

Although not explicitly modeled here, our review of other states' experience suggests a positive fiscal impact to the state budget due to savings within the Department of Corrections, savings within the Department of Mental Health, and increased tax revenues due to the increase in paid health care services.[18]

States that have expanded have seen health care-related savings in their correction budgets for newly Medicaid-eligible prisoners who are treated in an inpatient medical facility outside of the state correctional system. Kentucky has estimated savings of $5.4 million in SFY 2014 and $11.0 million in SFY2015 from replacing state general funds with Medicaid funds for hospital inpatient costs of prisoners. Though we are unable to find updated estimates, the Missouri Department of Corrections previously estimated (for the prior DSS expansion analysis) that inmates in Missouri incur an average of 150 inpatient bed days outside of a corrections facility per month, for a savings of about $3.1 million in 2020. That analysis also estimated savings of $6.9 million in 2020 due to reduced recidivism.

There is some concern about cost containment, with respect to the relatively healthy expansion population who would doubtless be enrolled in managed care, because of Missouri's limited ability to accurately assess – and compensate – managed care companies' exposure to and management of risks, and even to accurately convey enrollees' information to managed care companies. With current technology and staffing limitations, there is a chance that costs will not be well contained in a managed care setting. However, information technology upgrades are in the beginning stages of a six-to eight-year timeline, with significant funding in the governor's FY2020 budget recommendation to achieve the IT capabilities for modernizing existing payment methodologies, even in the context of an unexpanded program.

On this point, a recent Commonwealth Fund analysis of 10 Medicaid expansion states finds:

> "States have made health system reform a core element of their Medicaid expansions, with the aim of improving access, quality, efficiency, and population health. States have sought to incorporate evidence-based practice and payment strategies, with an emphasis on populations likely to benefit from improved care management and on better integration of treatment for physical and behavioral health problems. Seven of 10 are directly engaged in provider payment and delivery system reform. Agencies noted the importance of experienced provider networks in addressing complex health and social needs, along with managed care's role in quality improvement and payment reform. States embrace their roles as payers and health care innovators, identifying stability of both coverage and the underlying federal policy environment as key factors."[19]

It is our recommendation that these issues be brought to the forefront in any discussion of Medicaid expansion, with barriers to implementation of such innovations identified and addressed as far in advance as possible of the addition of new enrollees to the program. An ongoing commitment of resources, especially staffing, will be critical in realizing the potential savings from cost containment.

Conclusion

This analysis has shown that expansion of Medicaid in Missouri is close to budget neutrality and actually has an estimated savings of $39 million. While this value is our best estimate, we also provide a range of -$95 million to +$42 million, which should be considered the lower and upper bounds of what the net impact to the state, within the MO Healthnet program, would be in FY2020. Other forms of savings across other departments, as well as increases to general revenue, are likely. There are numerous benefits in terms of health outcomes that have been documented in other states, many of which will likely generate economic dividends over time, as investment in a healthy workforce has been shown in other settings to create.

Furthermore, there is a current net outflow of dollars from Missouri due to its lack of expansion. In 2015, Missouri residents sent a total of $64.1 billion to the Federal government in the form of income taxes, which was 1.95% of the U.S. total. In FY2015, Missouri received $6.28 billion back from the federal government for Medicaid, which was only 1.80% of the U.S. total. Roughly, this difference of 0.15% of total U.S. income taxes collected represents about $500 million leaving the state each year and is therefore an economic loss to the state. Conversely, spending within the state spurs job creation, increasing incomes and tax revenues in the state.

Although we find expansion to be roughly revenue neutral, we caution that some assumptions (in particular, the size of the new population) are fairly uncertain prior to implementation. Other estimates could be honed with recent data available internally to DSS analysts. The cost estimates for the newly eligible, however, really depend upon how well Missouri can commit to modernizing and improving its relationship with managed-care companies. Costs have the potential to be well contained, based upon evidence in other states, but modern infrastructure may be required to accomplish this in Missouri while maintaining and improving delivery of services for lower-income Missourians throughout the state.

About Missouri Foundation for Health

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Notes

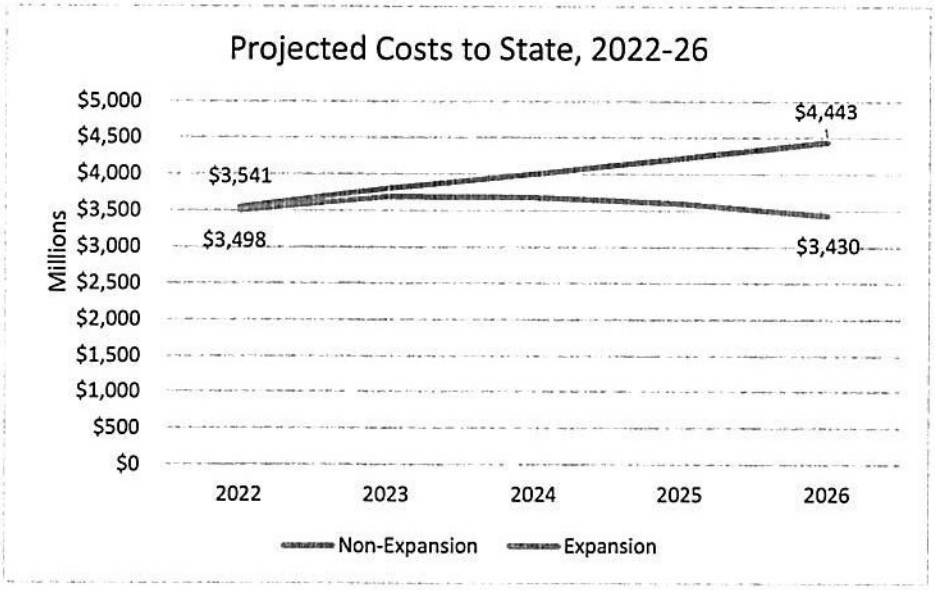
[1] Idaho, Nebraska, and Utah passed ballot initiatives in November 2018, while Maine passed an initiative in November 2017 that has been opposed by the governor.
[2] U.S. Congressional Budget Office, 2009. Cited by U. S. Supreme Court, "National Federation of Independent Business, et al v. Sebelius, Secretary of Health and Human Services, et al. (2012), page 43. https://www.semissourian.com/files/health-care-opinion.pdf
[3] https://www.kff.org/medicaid/fact-sheet/states-and-medicaid-provider-taxes-or-fees/
[4] https://dss.mo.gov/re/fsd_mhdmr.htm
[5] http://www.mhanet.com/mhaimages/FRA/FRA_Interactive_Tutorial.zip
[6] Calculated from Health Insurance Marketplace enrollment data available from the Assistant Secretary of Planning and Evaluation, Department of Health and Human Services.
[7] https://www.kff.org/medicaid/issue-brief/the-coverage-gap-uninsured-poor-adults-in-states-that-do-not-expand-medicaid/
[8] https://www.urban.org/research/publication/implications-medicaid-expansion-remaining-states-2018-update
[9] https://www.cms.gov/Research-Statistics-Data-and-Systems/Research/ActuarialStudies/Downloads/MedicaidReport2017.pdf
[10] https://kaiserfamilyfoundation.files.wordpress.com/2013/01/4096.pdf
[11]http://www.arkleg.state.ar.us/assembly/2017/Meeting%20Attachments/836/I14804/TF%20FinalDraftReport.12-14-2016.pdf
[12] https://www.rwjf.org/content/dam/farm/reports/issue_briefs/2016/rwjf419097
[13] Data obtained by FOIA request from Washington State Healthcare Authority, November 27, 2018.
[14] This value was calculated by applying the 47% and the 30% to the average number of new applicants, which is about 4400 monthly in FY2017, on a cumulative monthly basis. The result is about 7445 enrollees who are never added to the P&TD population (which averages about 151,000), each year. This is about 4.9%.
[15]http://www.arkleg.state.ar.us/assembly/2017/Meeting%20Attachments/836/I14804/TF%20FinalDraftReport.12-14-2016.pdf
[16] https://www.rwjf.org/content/dam/farm/reports/issue_briefs/2016/rwjf419097
[17] https://www.federalregister.gov/documents/2017/07/28/2017-15962/medicaid-program-state-disproportionate-share-hospital-allotment-reductions
[18] https://www.rwjf.org/content/dam/farm/reports/issue_briefs/2016/rwjf419097
[19] https://www.commonwealthfund.org/publications/issue-briefs/2017/oct/medicaid-payment-and-delivery-system-reform-early-insights-10

MEMORANDUM

To: Susan Beeler, Office of the Missouri State Auditor
From: Abigail Barker, PhD and Timothy McBride, PhD
Center for Health Economics and Policy, Washington University
Subject: Analysis of the Fiscal Impact of Medicaid Expansion in Missouri
Revised Projections for FY2022-26
Date: April 10, 2019

In our recent report analyzing the fiscal impact of a Medicaid expansion to the state's Medicaid budget, we produced estimates for FY2020 and extended these projections to 2024. Per your request, we have changed the timeframe of the projections to FY2022-26. The revised numbers reflect (1) trending forward the FY2017 fiscal data for 5 years rather than 3; (2) trending forward the assumed PMPM cost of newly eligible adults and newly enrolling children by 2 years; and (3) eliminating the phase-in of DSH cuts, which is slated to occur in FY2020, and assuming the full DSH cuts for all 5 years.

The figure below shows that, beginning with the "best estimate" values for 2022, and continuing to assume a 4.5% growth rate in prices and utilization, by 2026 the annual savings due to expansion is estimated to be about $1.013 billion. The projection also includes an annual population growth rate of 0.66% for both scenarios.



As mentioned previously, we expect a cumulative effect to occur due to attrition from P&TD enrollment. Due to the significant savings expected from this population, by 2023 our projection shows the state's obligation actually declining compared to 2022. By 2026, we assume a total decline of about 27% of the current P&TD population as individuals elect to obtain Medicaid coverage through expansion rather than application through the disability determination process. As P&TD enrollees incur very high costs on average, and the state can save about 25% of all costs associated with these individuals, this is a key driver of the savings over time.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State government entities are estimated to have one-time costs of approximately $6.4 million and an unknown annual net fiscal impact by 2026 ranging from increased costs of at least $200 million to savings of $1 billion. Local governments expect costs to decrease by an unknown amount.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 26, 2019

RECEIVED
APR 26 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Heidi Miller regarding a proposed constitutional amendment to Article IV (2020-062)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Heidi Miller on April 26, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
2019 APR 26 AM

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
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9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri

and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____.

_____

Address of Notary (Street, City, State & Zip Code)

Be it resolved by the people of the State of Missouri that the Constitution be amended:

Article IV of the Constitution is revised by adding one new section to be known as Article IV, Section 36(c) to read as follows:

Section 36(c). 1. Notwithstanding any provision of law to the contrary, beginning July 1, 2021, individuals nineteen years of age or older and under sixty-five years of age who qualify for MO HealthNet services under 42 U.S.C. Section 1396a(a)(10)(A)(i)(VIII) and as set forth in 42 C.F.R. 435.119, and who have income at or below one hundred thirty-three percent of the federal poverty level plus five percent of the applicable family size as determined under 42 U.S.C. Section 1396a(e)(14) and as set forth in 42 C.F.R. 435.603, shall be eligible for medical assistance under MO HealthNet and shall receive coverage for the health benefits service package.

2. For purposes of this section, "health benefits service package" shall mean benefits covered by the MO HealthNet program as determined by the department of social services to meet the benchmark or benchmark-equivalent coverage requirement under 42 U.S.C. Section 1396a(k)(1) and any implementing regulations.

3. No later than March 1, 2021, the Department of Social Services and the MO HealthNet Division shall submit all state plan amendments necessary to implement this section to the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services.

4. The Department of Social Services and the MO HealthNet Division shall take all actions necessary to maximize federal financial participation in funding medical assistance pursuant to this section.

5. No greater or additional burdens or restrictions on eligibility or enrollment standards, methodologies, or practices shall be imposed on persons eligible for MO HealthNet services pursuant to this section than on any other population eligible for medical assistance.

6. All references to federal or state statutes, regulations or rules in this section shall be to the version of those statutes, regulations or rules that existed on January 1, 2019.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 22, 2019

RECEIVED
APR 22 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article IV (2020-061)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on April 22, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County_____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of Section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the State of Missouri and _____County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the State of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2019 APR 22 AM 9:24

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____. I, _____ being first duly sworn, say
(print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS Street, No PO Boxes (City, Town or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
1.	/ /				
2.	/ /				
3.	/ /				
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10.	/ /				

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the State of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do _X_ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant (Person obtaining signatures)

_____
Address of Affiant (Person obtaining signatures)

Subscribed and sworn to before me this _____day of _____, A.D. _____.

_____
Signature of Notary

_____
Address of Notary

Notary Public (Seal)

My Commission expires _____.

BE IT RESOLVED BY THE PEOPLE OF THE STATE OF MISSOURI THAT THE CONSITUTION BE AMENDED:

Section 17 of article IV of the Constitution of Missouri is amended by adding Section 17(B). The new section includes the following underlined language:

MISSOURI CONSTITUTION

Section 17(b.) RECALL Elective State Officers

All political power is inherent in the people. Government is instituted for their protection, security, and benefit, and they have the right to alter or reform it when the public good may require. A voter who casts a vote in an election in accordance with the laws of this State shall have that vote counted.

Recall is the power of the electors to remove an elective officer. Recall of a state officer is initiated by delivering to the Secretary of State a petition alleging reason for recall. Sufficiency of reason is not reviewable. Proponents have 160 days to file signed petitions.

A petition to recall a statewide officer must be signed by electors equal in number to 12 percent of the last vote for the office, with signatures from each of 5 counties equal in number to 1 percent of the last vote for the office in the county.

The Secretary of State shall maintain a continuous count of the signatures certified to that office. An election to determine whether to recall an office rand, if appropriate, to elect a successor shall be called by the Governor and held not less than 60 days nor more than 80 days from the date of certification of sufficient signatures.

A recall election may be conducted within 180 days from the date of certification of sufficient signatures in order that the election may be consolidated with the next regularly scheduled election occurring wholly or partially within the same jurisdiction in which the recall election is held, if the number of voters eligible to vote at that next regularly scheduled election equal at least 50 percent of all the voters eligible to vote at the recall election.

If the majority vote on the question is to recall, the officer is removed and, if there is a candidate, the candidate who receives a plurality is the successor. The officer may not be a candidate, nor shall there be any candidacy for an office filled pursuant to subdivision (d) of Section 16 of Article VI.

The Legislature shall provide for circulation, filing, and certification of petitions, nomination of candidates, and the recall election. If recall of the Governor or Secretary of State is initiated, the recall duties of that office shall be performed by the Lieutenant Governor or Controller, respectively. A state officer who is not recalled shall be reimbursed by the State for the officer's recall election expenses legally and personally incurred. Another recall may not be initiated against the officer until six months after the election. The Legislature shall provide for recall of local officers. This section does not affect counties and cities whose charters provide for recall.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 18, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
APR 18 2019
STATE AUDITORS OFFICE

RE: Petition approval request from Charles Hurth regarding a proposed constitutional amendment to Article VIII (2020-060)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Charles Hurth on April 18, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A Misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign anyone to sign any referendum petition with any name other than his or her own, or knowingly to sign his or her name other than once foe the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____County (or City of St. Louis), respectfully order that the following proposed amendment to the Constitution shall be submitted to the voters of the State of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November 2020 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____County (or City of St. Louis); my registered voting address and the name of the city, town or village which I live are correctly written after my name.

(Official Ballot title)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF_____

I, _____ Being first duly sworn, say (print or type names of signers)

RECEIVED
2019 APR 18 AM 8:55

NAME	DATE SIGNED	REGISTERED VOTING ADDRESS (street) (City, Town or village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
1.	/ /				
2.	/ /				
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5.	/ /				
6.	/ /				
7.	/ /				
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9.	/ /				
10.	/ /				
11.	/ /				
12.	/ /				
13.	/ /				
14.	/ /				

Signed this page of the foregoing petition and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and City, town or village correctly, and that each signer is a registered voter of the State of Missouri and _____County.

FUTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ☐ do not ☐ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____

_____
Signature of Affiant (Person obtaining signatures)

_____
Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me _____day of _____.A.D. 20___.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires_____

Be it resolved by the People of the State of Missouri that the Constitution be amended:

Article VIII Section 2. <u>Qualifications of voters- Disqualification</u> is revised by deleting the single word " All" and replacing said word with "Only A" such that the first sentence of said section shall read:

Only a citizen of the United States, including occupants of soldiers' and sailors' homes over the age of eighteen who are residents of this state and of the political subdivision in which they offer to vote are entitled to vote at all elections by the people, if the election is one for which registration is required if they are registered within the time prescribed by law, or if the election is one for which registration is not required, if they have been residents of the political subdivision in which they offer to vote for thirty days next preceding the election for which they offer to vote: Provided however, no person who has guardian of his or her estate or person by reason of mental incapacity, appointed by a Court of competent jurisdiction and no person who is involuntarily confined in a mental institution pursuant to an adjudication of a Court of competent jurisdiction shall be entitled to vote, and persons convicted of felony, or crime connected who the exercise of the right of suffrage may be excluded by law from voting.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 12, 2019

RECEIVED
APR 12 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Heidi Miller regarding a proposed constitutional amendment to Article IV (2020-059)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Heidi Miller on April 11, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2019 APR 11 PM 3:12

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
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9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____.

_____

Address of Notary (Street, City, State & Zip Code)

Be it resolved by the people of the State of Missouri that the Constitution be amended:

Article IV of the Constitution is revised by adding one new section to be known as Article IV, Section 36(c) to read as follows:

Section 36(c). 1. Notwithstanding any provision of law to the contrary, beginning July 1, 2021, individuals nineteen years of age or older and under sixty-five years of age who qualify for MO HealthNet services under 42 U.S.C. Section 1396a(a)(10)(A)(i)(VIII) and as set forth in 42 C.F.R. 435.119, and who have income at or below one hundred thirty-three percent of the federal poverty level plus five percent of the applicable family size as determined under 42 U.S.C. Section 1396a(e)(14) and as set forth in 42 C.F.R. 435.603, shall be eligible for medical assistance under MO HealthNet and shall receive coverage for the health benefits service package.

2. For purposes of this section, "health benefits service package" shall mean benefits covered by the MO HealthNet program as determined by the department of social services to meet the benchmark or benchmark-equivalent coverage requirement under 42 U.S.C. Section 1396a(k)(1) and any implementing regulations.

3. No later than March 1, 2021, the Department of Social Services and the MO HealthNet Division shall submit all state plan amendments necessary to implement this section to the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services.

4. The Department of Social Services and the MO HealthNet Division shall take all actions necessary to maximize federal financial participation in funding medical assistance pursuant to this section.

5. No greater or additional burdens or restrictions on eligibility or enrollment standards, methodologies, or practices shall be imposed on persons eligible for MO HealthNet services pursuant to this section than on any other population eligible for medical assistance.

6. All references to federal or state statutes, regulations or rules in this section shall be to the version of those statutes, regulations or rules that existed on January 1, 2019.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 11, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
APR 11 2019
STATE AUDITORS OFFICE

RE: Petition approval request from Pauly Lentz regarding a proposed statutory amendment to Chapter 128 (2020-058)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Pauly Lentz on April 10, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

Pauley, Scott

From: SOSMain
Sent: Wednesday, April 10, 2019 1:55 PM
To: Elections-1
Subject: FW: Initiative Petition
Attachments: cover.pdf

RECEIVED
2019 APR 10 PM 2:34

From: Pauly Lentz <lentzpauly@gmail.com>
Sent: Wednesday, April 10, 2019 1:48 PM
To: SOSMain <sosmain@sos.mo.gov>
Subject: Initiative Petition

External Email Disclaimer

WARNING: This email originated outside the Missouri Secretary of State's email system. DO NOT CLICK or OPEN any attachments unless you recognize the sender and know the content is safe.

Change in Missouri Electoral Vote Process

Created by Pauly Lentz 4-10-2019

Background:

In Missouri, as in the majority of other states in America, the electoral college is a winner take all system. Due to the nature of this many people don't vote due to the idea that their vote is useless. By making the area that the votes are used in smaller, a congressional district instead of statewide, many will feel as if they are not wasting a vote if they are in the political minority. It will in turn increase the number of politically involved people in the state. This plan would allow each congressional district to be separate when it comes to voting allocating electoral votes to a presidential candidate. For example, if district 1 voted for the Democratic candidate they would send a Democrat elector to cast their vote. Instead of district 1 sending a Republican if the whole state voted Republican. That would cover 8 electors. The other two would be picked at large by the winning party in the presidential election. For example, if the state votes Republican then the Republican party would pick the other two electors for their state.

Current Statute:

128.010. Electoral districts — number of electors to be chosen. — Hereafter, at all elections held in this state for the offices of president and vice president of the United States, the electoral district shall be the same as the congressional districts into which the state shall be divided, and the same number of electors as there may be districts shall be chosen by the qualified voters, one of whom shall be a resident of each district; and in addition thereto, two electors shall be chosen by the state at large.

Revised Version:

128.010. Electoral districts — number of electors to be chosen. — Hereafter, at all elections held in this state for the offices of president and vice president of the United States, the electoral district shall be the same as the congressional districts into which the state shall be divided, and the same number of electors as there may be districts shall be chosen by the qualified voters, one of whom shall be a resident of each district; and in addition thereto, two electors shall be chosen by the state at large. The electors chosen by the qualified voters shall vote based on the will of those in the district. The majority voted candidate's party will nominate the elector to cast the vote for that district. The remaining two electors shall be nominated by the party whose candidate won the majority vote through the state.

P.S.: I believe this would be an acceptable format to submit this in. If not please let me know what to change though. Have a nice day.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 5, 2019

RECEIVED
APR 05 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mark Pedersen regarding a proposed constitutional amendment to Article XIV (2020-057)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mark Pedersen on April 5, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

RECEIVED
2019 APR -5 P 3:58

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the **3rd** day of November, **2020**, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF

_____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong. Dist.	NAME (Print or Typed)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						
13.						
14.						
15.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Address of Affiant

_____
Printed Name of Affiant

_____
Signature of Notary

Subscribed and sworn to before me, this _____ day of _____, A.D. _____ .

_____
Address of Notary

Notary Public (Seal)

My commission expires _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends Article XIV Section 1 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all of the underlined matters as required pursuant to Section 116.050 RSMo.

Section 1. Missouri Cannabis Restoration and Protection

Controlled Substance List (CSL), Definition as a substance

1. Cannabis shall immediately be removed from the Missouri Revised Statutes list of controlled substances and shall no longer be listed among Missouri's drug schedules. Cannabis shall no longer be considered a controlled substance or a drug, hence forth by Missouri law, by the passage of this initiative.

Definitions

2. Definition of terms, as used in this Act:
(a) "Controlled Substance List", or "CSL" refers to Missouri's list of controlled substances as pertains to Missouri Statutes.
(b) "Cannabis" and "Cannabis hemp" refer to the Cannabis, marihuana, marijuana, Cannabis sativa, Cannabis sativa L., Cannabis Americana, Cannabis Gigantea, Cannabis indica, Cannabis ruderalis, or any variety of Cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
(c) "Medical Cannabis" refers to Cannabis used to prevent or to treat a medical condition.
(d) "Personal use" refers to the personal use or consumption of Cannabis.
(e) "Cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing Cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing Cannabis into and/or onto the human body.
(f) "Establishment" refers to a Cannabis cultivation facility, a Cannabis testing facility, a Cannabis product manufacturing facility, or a retail store, Cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells Cannabis, Cannabis products and/or Cannabis accessories.

Personal and Commercial

3. The following acts are not unlawful and shall not be an offense under Missouri law:
(a) Possession of Cannabis for personal or medical use.
(b) Cultivating Cannabis for personal or medical use.
(c) Cultivation, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing Cannabis, Cannabis accessories, and Cannabis products for commercial purposes, provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivating, harvesting, processing, manufacturing, packaging, distribution, transferal, display or possession of any non-toxic food or food product.
(d) Providing Cannabis, Cannabis accessories, and Cannabis products for sale to consumers.
(e) Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this subsection.
(f) No one shall be denied housing solely based on their use of Cannabis.
(g) No one shall be denied employment solely based on their use of Cannabis.
(h) The use and/or possession of Cannabis shall in no way impede one's legal right to possess a firearm.

Medical

4. Medical Cannabis shall be available to patients without taxation who have a physician's recommendation for its use.
(a) All patients engaged in Cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means, whether or not under the care of a physician.
(b) Licensed physicians shall not be penalized for, nor restricted from recommending and/or providing Cannabis for medical purposes to any person under their care.
(c) Veterinarians shall not be penalized nor restricted from recommending and/or providing Cannabis for medical purposes for any creature under their care.
(d) Any individual who is a Cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri Cannabis patient.
(e) Medical care, including organ transplants, shall not be restricted in any way based on a person's use of Cannabis.

Zoning

5. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.

Law Enforcement and the Courts

6. Missouri's law enforcement and its courts shall protect Cannabis users and their property without discrimination, and with every bit the effort afforded to every citizen of Missouri and our nation.
(a) The use and/or possession of Cannabis shall not be grounds for issuing a "Driving under the influence" (DUI) stop, charge, arrest or fine(s) when operating or a passenger of a motor vehicle. Stops, charges, fines and arrests shall be the product of visible and/or previously proven non-Cannabis infractions of Missouri law.
(b) No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal Cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.
(c) Asset or Civil Forfeiture shall no longer be used in the state of Missouri through association with Cannabis, Cannabis cultivation, it's use and/or possession, in any way.
(d) Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, Cannabis-only offenses, which are no longer illegal in the State of Missouri under this Act, shall be immediately released.
(e) Within 60 days of the passage of this Act, a legal document shall be developed and made available to the public ordering the immediate destruction of all Cannabis-related non-violent civil and criminal records in Missouri and for any offense covered by this amendment which is no longer illegal in the State of Missouri under this Act. This document shall be distributed to all pertinent parties throughout the state.
(f) Within 60 days, Missouri's Courts shall order the immediate expungement of civil and criminal records pertaining to all non-violent Cannabis only offenses which are no longer illegal in the State of Missouri under this Act.

Regarding Federal Law

7. Pursuant to the Ninth and Tenth Amendments to the Constitution of the United States, the people of Missouri hereby repudiate and challenge federal Cannabis prohibitions that conflict with this Act.

Existing Local, State and Federal Law

8. All provisions of this section shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

Implementation

9. The dictates of this Initiative, unless otherwise indicated by this initiative, shall be implemented no later than **January 31st, 2021.**

[Section 1. Right to Access Medical Marijuana

1. Purposes

This section is intended to permit state-licensed physicians to recommend marijuana for medical purposes to patients with serious illnesses and medical conditions. The section allows patients with qualifying medical conditions the right to discuss freely with their physicians the possible benefits of medical marijuana use, the right of their physicians to provide professional advice concerning the same, and the right to use medical marijuana for treatment under the supervision of a physician.

This section is intended to make only those changes to Missouri laws that are necessary to protect patients, their primary caregivers, and their physicians from civil and criminal penalties, and to allow for the limited legal production, distribution, sale and purchase of marijuana for medical use. This section is not intended to change current civil and criminal laws governing the use of marijuana for non medical purposes. The section does not allow for the pub) ic use of marijuana and driving under the influence of marijuana.

2. Definitions

(1) "Administer" means the direct application of marijuana to a Qualifying Patient by way of any of the following methods:

(a) Ingestion of capsules, teas, oils, and other marijuana-infused products:

(b) Vaporization or smoking of dried flowers, buds, plant material, extracts, or oils;

(c) Application of ointments or balms;

(d) Transdermal patches and suppositories;

(e) Consuming marijuana-infused food products; or

(f) Any other method recommended by a Qualifying Patient's physician.

(2) "Department" means the Department of Health and Senior Services, or its successor agency.

(3) "Entity" means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) "Flowering plant" means a marijuana plant from the time it exhibits the first signs of sexual maturity through harvest.

(5) "Marijuana" or "Marihuana" means ***Cannabis indica, Cannabis sativa,*** **and** ***Cannabis ruderalis,*** hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" or "Marihuana" do not include industrial hemp containing a crop-wide average tetrahydrocannabinol concentration that does not exceed three-tenths of one percent on a dry weight basis, or commodities or products manufactured from industrial hemp.

(6) "Marijuana-Infused Products" means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(7) "Medical Marijuana Cultivation Facility" means a facility licensed by the Department, to acquire, cultivate, process, store, transport, and sell marijuana to a Medical Marijuana Dispensary Facility, Medical Marijuana Testing Facility, or to a Medical Marijuana-Infused Products Manufacturing Facility.

(8) "Medical Marijuana Dispensary Facility" means a facility licensed by the Department, to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and drug paraphernalia used to administer marijuana as provided for in this section to a Qualifying Patient, a Primary caregiver, another Medical Marijuana Dispensary Facility, a Medical Marijuana Testing Facility, or a Medical Marijuana-Infused Products Manufacturing Facility.

(9) "Medical Marijuana-Infused Products Manufacturing Facility" means a facility licensed by the Department, to acquire, store, manufacture, transport, and sell marijuana-infused products to a Medical Marijuana Dispensary Facility, a Medical Marijuana Testing Facility, or to another Medical Marijuana-Infused Products Manufacturing Facility.

(10) "Medical Marijuana Testing Facility" means a facility certified by the Department, to acquire, test, certify, and transport marijuana.

(11) "Medical use" means the production, possession, delivery, distribution, transportation, or administration of marijuana or a marijuana-infused product, or drug paraphernalia used to administer marijuana or a marijuana-infused product, for the benefit of a Qualifying Patient to mitigate the symptoms or effects of the patient's qualifying medical condition.

(12) "Physician" means an individual who is licensed and in good standing to practice medicine or osteopathy under Missouri law.

(13) "Physician certification" means a document, whether handwritten, electronic or in another commonly used format, signed by a physician and stating that, in the physician's professional opinion, the patient suffers from a qualifying medical condition.

(14) "Primary caregiver" means an individual twenty-one years of age or older who has significant responsibility for managing the well-being of a Qualifying Patient and who is designated as such on the primary caregiver's application for an identification card under this section or in other written notification to the Department.

(15) "Qualifying medical condition" means the condition of, symptoms related to, or side- effects from the treatment of:

(a) Cancer:

(b) Epilepsy;

(c) Glaucoma:

(d) Intractable migraines unresponsive to other treatment;

(e) A chronic medical condition that causes severe, persistent pain or persistent muscle spasms, including but not limited to those associated with multiple sclerosis, seizures, Parkinson's disease, and Tourette's syndrome:

(f) Debilitating psychiatric disorders, including, but not limited to, post-traumatic stress disorder, if diagnosed by a state licensed psychiatrist;

(g) Human immunodeficiency virus or acquired immune deficiency syndrome:

(h) A chronic medical condition that is normally treated with a prescription medication that could lead to physical or psychological dependence, when a physician determines that medical use of marijuana could be effective in treating that condition and would serve as a safer alternative to the prescription medication: (i) Any terminal illness: or

(i) In the professional judgment of a physician, any other chronic, debilitating or other medical condition, including, but not limited to, hepatitis C, amyotrophic lateral sclerosis, inflammatory bowel disease, Crohn's disease, Huntington's disease, autism, neuropathies, sickle cell anemia, agitation of Alzheimer's disease, cachexia, and wasting syndrome.

(16) "Qualifying Patient" means a Missouri resident diagnosed with at least one qualifying medical condition.

3. Creating Patient Access to Medical Marijuana

(1) In carrying out the implementation of this section, the Department shall have the authority to:

(a) Grant or refuse state licenses and certifications for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use as provided by law; suspend, fine, restrict, or revoke such licenses and certifications upon a violation of this section or a rule promulgated pursuant to this section: and impose any administrative penalty authorized by this section or any rule promulgated pursuant to this section.

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana for medical use and for the enforcement of this section so long as patient access is not restricted unreasonably and such rules are reasonably necessary for patient safety or to restrict access to only licensees and Qualifying Patients.

(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section:

(d) Require a seed-to-sale tracking system that tracks medical marijuana from either the seed or immature plant stage until the medical marijuana or medical marijuana-infused product is sold to a Qualifying Patient or Primary Caregiver to ensure that no medical marijuana grown by a Medical Marijuana Cultivation Facility or manufactured by a Medical Marijuana-Infused Products Manufacturing Facility is sold or otherwise transferred except by a Medical Marijuana Dispensary Facility. The Department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees.

(e) Issue standards for the secure transportation of Marijuana and Marijuana-Infused Products. The Department shall certify entities which demonstrate compliance with its transportation standards to transport Marijuana and Marijuana-Infused Products to a Medical Marijuana Cultivation Facility, a Medical Marijuana-Infused Products Manufacturing Facility, a Medical Marijuana Dispensary Facility, a Medical Marijuana Testing Facility, or another entity with a transportation certification. The Department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity licensed or certified pursuant to this section shall be allowed to transport cannabis.

(f) The Department may charge a fee not to exceed $5,000 for any certification issued pursuant to this section.

(g) Prepare and transmit annually a publicly available report accounting to the Governor for the efficient discharge of all responsibilities assigned to the Department under this section;

(h) Establish a system to numerically score competing medical marijuana licensee and certificate applicants, only in cases where more applicants apply than the minimum number of licenses or certificates as calculated by this section, which scoring shall be limited to an analysis of the following: (i) the character, veracity, background, qualifications, and relevant experience of principal officers or managers: (ii) the business plan proposed by the applicant, which in the case of cultivation facilities and dispensaries shall include the ability to maintain an adequate supply of marijuana, plans to ensure safety and security of Qualifying Patients and the community, procedures to be used to prevent diversion, and any plan for making Marijuana available to low-income Qualifying Patients: (iii) site security: (iv) experience in a legal cannabis market: (v) in the case of Medical Marijuana Testing Facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and/or potency and health care industry experience: (vi) the potential for positive economic impact in the site community: (vii) in the case of Medical Marijuana Cultivation Facilities, capacity or experience with agriculture, horticulture, and health care; (viii) in the case of Medical Marijuana Dispensary Facilities, capacity or experience with health care, the suitability of the proposed location, and its accessibility for patients; (ix) in the case of Medical Marijuana-Infused Products Manufacturing Facilities, capacity or experience with food and beverage manufacturing; and (x) maintaining competitiveness in the marijuana for medical use marketplace. In ranking applicants and awarding licenses and certificates, the Department may consult or contract with other public agencies with relevant expertise regarding these factors. The Department shall lift or ease any limit on the number of licensees or certificate holders in order to meet the demand for marijuana for medical use by Qualifying Patients.

(2) The Department shall issue any rules or emergency rules necessary for the implementation and enforcement of this section and to ensure the right to, availability, and safe use of marijuana for medical use by Qualifying Patients. In developing such rules or emergency rules, the Department may consult with other public agencies. In addition to any other rules or emergency rules necessary to carry out the mandates of this section, the Department may issue rules or emergency rules relating to the following subjects:

(a) Compliance with, enforcement of, or violation of any provision of this section or any rule issued pursuant to this section, including procedures and grounds for denying, suspending, fining, restricting, or revoking a state license or certification issued pursuant to this section:

(b) Specifications of duties of officers and employees of the Department:

(c) Instructions or guidance for local authorities and law enforcement officers:

(d) Requirements for inspections, investigations, searches, seizures, and such additional enforcement activities as may become necessary from time to time;

(e) Creation of a range of administrative penalties for use by the Department;

(f) Prohibition of misrepresentation and unfair practices;

(g) Control of informational and product displays on licensed premises provided that the rules may not prevent or unreasonably restrict appropriate signs on the property of the Medical Marijuana Dispensary Facility, product display and examination by the Qualifying Patient and/or Primary caregiver, listings in business directories including phone books, listings in marijuana-related or medical publications, or the sponsorship of health or not for profit charity or advocacy events;

(h) Development of individual identification cards for owners, officers, managers, contractors, employees, and other support staff of entities licensed or certified pursuant to this section, including a fingerprint based federal and state criminal record check in accordance with U.S. Public Law 92-544, or its successor provisions, as may be required by the Department prior to issuing a card and procedures to ensure that cards for new applicants are issued within fourteen days. Applicants licensed pursuant to this section shall submit fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol, if necessary, shall forward the fingerprints to the Federal Bureau of Investigation (FBI) for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted pursuant to 43.543 and fees shall be paid pursuant to 43.530:

(i) Security requirements for any premises licensed or certified pursuant to this section, including, at a minimum, lighting, physical security, video, alarm requirements, and other minimum procedures for internal control as deemed necessary by the Department to properly administer and enforce the provisions of this section, including reporting requirements for changes, alterations, or modifications to the premises;

(j) Regulation of the storage of, warehouses for, and transportation of marijuana for medical use;

(k) Sanitary requirements for, including, but not limited to, the preparation of medical Marijuana-Infused Products:

(l) The specification of acceptable forms of picture identification that a Medical Marijuana Dispensary Facility may accept when verifying a sale:

(m) Labeling and packaging standards;

(n) Records to be kept by licensees and the required availability of the records;

(o) State licensing procedures, including procedures for renewals, reinstatements, initial licenses, and the payment of licensing fees:

(p) The reporting and transmittal of tax payments:

(q) Authorization for the Department of Revenue to have access to licensing information to ensure tax payment and the effective administration of this section: and

(r) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(3) The Department shall issue rules or emergency rules for a medical marijuana and medical marijuana-infused products independent testing and certification program for medical marijuana licensees and requiring licensees to test medical marijuana using one or more impartial, independent laboratories to ensure, at a minimum, that products sold for human consumption do not contain contaminants that are injurious to health, to ensure correct labeling and measure potency. The Department shall not require any medical marijuana or medical marijuana-infused products to be tested more than once prior to sale.

(4) The Department shall issue rules or emergency rules to provide for the certification of and standards for Medical Marijuana Testing Facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The Department shall certify, if possible, at least two entities as Medical Marijuana Testing Facilities. No Medical Marijuana Testing Facility shall be owned by an entity under substantially common control, ownership, or management as a Medical Marijuana Cultivation Facility, Medical Marijuana-Infused Product Manufacturing Facility, or Medical Marijuana Dispensary Facility.

(5) The Department shall maintain the confidentiality of reports or other information obtained from an applicant or licensee containing any individualized data, information, or records related to the licensee or its operation, including sales information, financial records, tax returns, credit reports, cultivation information, testing results, and security information and plans, or revealing any patient information, or any other records that are exempt from public inspection pursuant to state or federal law. Such reports or other information may be used only for a purpose authorized by this section. Any information released related to patients may be used only for a purpose authorized by federal law and this section, including verifying that a person who presented a patient identification card to a state or local law enforcement official is lawfully in possession of such card.

(6) Within one hundred eighty days of the effective date of this section, the Department shall make available to the public license application forms and application instructions for Medical Marijuana Cultivation Facilities, Medical Marijuana Testing Facilities, Medical Marijuana Dispensary Facilities, and Medical Marijuana-Infused Products Manufacturing Facilities.

(7) Within one hundred eighty days of the effective date of this section, the Department shall make available to the public application forms and application instructions for Qualifying Patient Qualifying Patient cultivation, and Primary caregiver identification cards. Within two hundred ten days of the effective date of this section, the Department shall begin accepting applications for such identification cards.

(8) An entity may apply to the Department for and obtain one or more licenses to grow marijuana as a Medical Marijuana Cultivation Facility. Each facility in operation shall require a separate license, but multiple licenses may be utilized in a single facility. Each indoor facility utilizing artificial lighting may be limited by the Department to thirty thousand square feet of flowering plant canopy space. Each outdoor facility utilizing natural lighting may be limited by the Department to two thousand eight hundred flowering plants. Each greenhouse facility using a combination of natural and artificial lighting may be limited by the Department, at the election of the licensee, to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of ten thousand dollars per license application or renewal for all applicants filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of five thousand dollars per license application or renewal thereafter. Once granted, the Department shall charge each licensee an annual fee of twenty-five thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three Medical Marijuana Cultivation Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(9) An entity may apply to the Department for and obtain one or more licenses to operate a Medical Marijuana Dispensary Facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the Department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than five Medical Marijuana Dispensary Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(10) An entity may apply to the Department for and obtain one or more licenses to operate a Medical Marijuana-Infused Products Manufacturing Facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the Department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three Medical Marijuana-Infused Products Manufacturing Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(11) Any applicant for a license authorized by this section may pre-file their application fee with the Department beginning 30 days after the effective date of this section.

(12) Except for good cause, a Qualifying Patient or his or her Primary caregiver may obtain an identification card from the Department to cultivate up to six flowering marijuana plants for the exclusive use of that Qualifying Patient. The card shall be valid for twelve months from its date of issuance and shall be renewable with the annual submittal of a new or updated physician's certification. The Department shall charge an annual fee for the card of one hundred dollars, with such rate to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency.

(13) The Department may set a limit on the amount of marijuana that may be purchased by or on behalf of a single Qualifying Patient in a thirty day period, provided that limit is not less than four ounces of dried, unprocessed marijuana, or its equivalent. Any such limit shall not apply to a Qualifying Patient with written certification from two independent physicians that there are compelling reasons why the Qualifying Patient needs a greater amount than the limit established by the Department.

(14) The Department may set a limit on the amount of marijuana that may be possessed by or on behalf of each qualifying patient, provided that limit is not less than a sixty day supply of dried, unprocessed marijuana, or its equivalent. A Primary caregiver may possess a separate legal limit for each Qualifying Patient under their care and a separate legal limit for themselves if they are a Qualifying Patient.
Qualifying Patients cultivating marijuana for medical use may possess up to a ninety day supply, s iong as the supply remains on property under their control. Any such limit shall not apply to a Qualifying Patient with written certification from two independent physicians that there are compelling reasons for additional amounts. Possession of between the legal limit and up to twice the legal limit shall subject the possessor

to Department sanctions, including an administrative penalty and loss of their patient identification card for up to a year. Purposefully possessing amounts in excess of twice the legal limit shall be punishable by imprisonment of up to one year and a fine of up to two thousand dollars.

(15) The Department may restrict the aggregate number of licenses granted for Medical Marijuana Cultivation Facilities, provided, however, that the number may not be limited to fewer than one license per every one hundred thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(16) The Department may restrict the aggregate number of licenses granted for Marijuana-Infused Products Manufacturing Facilities, provided, however, that the number may not be limited to fewer than one license per every seventy thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(17) The Department may restrict the aggregate number of licenses granted for Medical Marijuana Dispensary Facilities, provided, however, that the number may not be limited to fewer than twenty-four licenses in each United States Congressional district in the state of Missouri pursuant to the map of each of the eight congressional districts as drawn and effective on the effective date of this section. Future changes to the boundaries of or the number of congressional districts shall have no impact.

(18) The Department shall begin accepting license and certification applications for Medical Marijuana Dispensary Facilities, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than two hundred forty days after the effective date of this section. Applications for licenses and certifications under this section shall be approved or denied by the Department no later than one hundred fifty days after their submission. If the Department fails to carry out its non-discretionary duty to approve or deny an application within one hundred fifty days of submission, an applicant may immediately seek a court order compelling the Department to approve or deny the application.

(19) Qualifying Patients under this section shall obtain and annually renew an identification card or cards from the Department. The Department shall charge a fee of twenty-five dollars per year per card with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor or its successor agency. Upon receiving an application for a Qualifying Patient identification card or Qualifying Patient cultivation identification card, the Department shall, within thirty days, either issue the card or provide a written explanation for its denial. If the Department fails to deny and fails to issue a card to an eligible Qualifying Patient within thirty days, then their physician certification shall serve as their Qualifying Patient identification card or Qualifying Patient cultivation identification card for up to one year from the date of physician certification. All initial applications for or renewals of a Qualifying Patient identification card or Qualifying Patient cultivation identification card shall be accompanied by a physician certification that is less than thirty days old.

(20) Primary caregivers under this section shall obtain and annually renew an identification card from the Department. The Department shall charge a fee of twenty five dollars per year, with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. Upon receiving an application for a Primary caregiver identification card the Department shall, within thirty days, either issue the card or provide a written explanation for its denial.

(21) All marijuana for medical use sold in Missouri shall be cultivated in a licensed Medical Marijuana Cultivation Facility located in Missouri.

(22) All marijuana-infused products for medical use sold in the state of Missouri shall be manufactured in a Medical Marijuana-Infused Products Manufacturing Facility.

(23) The denial of a license, license renewal, or identification card by the Department shall be appealable to the Administrative Hearing Commission, or its successor entity. Following the exhaustion of administrative review, denial of a license, license renewal, or identification card by the Department shall be subject to judicial review as provided by law.

(24) No elected official shall interfere directly or indirectly with the Department's obligations and activities under this section.

(25) The Department shall not have the authority to apply or enforce any rule or regulation that would impose an undue burden on any one or more licensees or certificate holders, any Qualifying Patients, or act to undermine the purposes of this section.

4. Taxation and Reporting

(1) A tax is levied upon the retail sale of marijuana for medical use sold at Medical Marijuana Dispensary Facilities within the state. The tax shall be at a rate of four percent of the retail price. The tax shall be collected by each licensed Medical Marijuana Dispensary Facility and paid to the Department of Revenue. After retaining no more than five percent for its actual collection costs, amounts generated by the tax levied in this section shall be deposited by the Department of Revenue into the Missouri Veterans' Health and Care Fund. Licensed entities making retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Missouri Veterans' Health and Care Fund," which shall consist of taxes and fees collected under this section. The State Treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and monies earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The Commissioner of Administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the Department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the Department, an amount necessary for the Department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section:

(b) Next, the remainder of such funds shall be transferred to the Missouri Veterans Commission for health and care services for military veterans, including the following purposes: operations, maintenance and capital improvements of the Missouri Veterans Homes, the Missouri Service Officer's Program, and other services for veterans approved by the Commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness. The Missouri Veterans Commission shall contract with other public agencies for the delivery of services beyond its expertise.

(c) All monies from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana for medical use, a record shall be kept by the seller which identifies, by secure and encrypted patient number issued by the seller to the qualifying patient involved in the sale, all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the Department and the Department of Revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from, and in addition to, any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana for medical use.

(6) The fees and taxes provided for in this Article XVI, Section 1 shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

(7) The unexpended balance existing in the fund shall be exempt from the provisions of section 33.080 relating to the transfer of unexpended balances to the general revenue fund.

5. Additional Patient, Physician, Caregiver and Provider Protections

(1) Except as provided in this section, the possession of marijuana in quantities less than the limits of this section, or established by the Department, and transportation of marijuana from a Medical Marijuana Dispensary Facility to the Qualifying Patient's residence shall not subject the possessor to arrest, criminal or civil liability, or sanctions under Missouri law, provided that the possessor produces on demand to the appropriate authority a valid Qualifying Patient identification card: a valid Qualifying Patient cultivation identification card; a valid physician certification while making application for an identification card: or a valid Primary caregiver identification card. Production of the respective equivalent identification card or authorization issued by another state or political subdivision of another state shall also meet the requirements of this subdivision.

(2) No patient shall be denied access to or priority for an organ transplant because they hold a Qualifying Patient identification card or use marijuana for medical use.

(3) A physician shall not be subject to criminal or civil liability or sanctions under Missouri law or discipline by the Missouri State Board of Registration for the Healing Arts, or its successor agency, for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or issuing a physician certification to a patient diagnosed with a qualifying medical condition in a manner consistent with this section and legal standards of professional conduct.

(4) A health care provider shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or providing health care services that involve the medical use of marijuana consistent with this section and legal standards of professional conduct.

(5) A Medical Marijuana Testing Facility shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to the medical use of marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(6) A health care provider shall not be subject to mandatory reporting requirements for the medical use of marijuana by non-emancipated Qualifying Patients under eighteen years of age in a manner consistent with this section and with consent of a parent or guardian.

(7) A Primary caregiver shall not be subject to criminal or civil liability or sanctions under Missouri law for purchasing, transporting, or administering marijuana for medical use to a qualifying patient or participating in the patient cultivation of up to six flowering marijuana plants per patient in a manner consistent with this section and generally established legal standards of personal or professional conduct.

(8) An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to prospective or licensed Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana Dispensary Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, Qualifying Patients, Primary caregivers, physicians, health care providers or others related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(9) Actions and conduct by Qualifying Patients, Primary Caregivers, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities licensed or registered with the Department, or their employees or agents, as permitted by this section and in compliance with Department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

(10) Nothing in this section shall provide immunity for negligence, either common law or statutorily created, nor criminal immunities for operating a vehicle, aircraft, dangerous device, or navigating a boat under the influence of marijuana.

(11) It is the public policy of the state of Missouri that contracts related to marijuana for medical use that are entered into by Qualifying Patients, Primary Caregivers, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities and those who allow property to be used by those entities, should be enforceable. It is the public policy of the state of Missouri that no contract entered into by Qualifying Patients, Primary Caregivers, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to medical marijuana may be prohibited by federal law.

6. Legislation

Nothing in this section shall limit the General Assembly from enacting laws consistent with this section, or otherwise effectuating the patient rights of this section. The legislature shall not enact laws that hinder the right of Qualifying Patients to access marijuana for medical use as granted by this section.

7. Additional Provisions

(1) Nothing in this section permits a person to:

(a) Consume marijuana for medical use in a jail or correctional facility;

(b) Undertake any task under the influence of marijuana when doing so would constitute negligence orprofessional malpractice; or

(c) Operate, navigate, or be in actual physical control of any dangerous device or motor vehicle, aircraft or motorboat while under the influence of marijuana: or

(d) Bring a claim against any employer, former employer, or prospective employer for wrongful discharge, discrimination, or any similar cause of action or remedy, based on the employer, former employer, or prospective employer prohibiting the employee, former employee, or prospective employee from being under the influence of marijuana while at work or disciplining the employee or former employee, up to and including termination from employment, for working or attempting to work while under the influence of marijuana.

(2) No Medical Marijuana Cultivation Facility, Medical Marijuana Testing Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility, or entity with a transportation certification shall be owned, in whole or in part, or have as an officer, director, board member, manager, or employee, any individual with a disqualifying felony offense. A "disqualifying felony offense" is a

violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the Department determines that:

(a) The person's conviction was for the medical use of marijuana or assisting in the medical use of marijuana; or

(b) The person's conviction was for a non-violent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses.

The Department may consult with and rely on the records, advice and recommendations of the Attorney General and the Department of Public Safety, or their successor entities, in applying this subdivision.

(3) All Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, and Medical Marijuana-Infused Products Manufacturing Facility licenses, entities with Medical Marijuana Testing Facility certifications, and entities with transportation certifications shall be held by entities that are majority owned by natural persons who have been citizens of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, entities outside the state of Missouri may own a minority stake in such entities.

(4) No Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility shall manufacture, package or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between a marijuana or marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional Department sanction, up to and including loss of license.

(5) All edible marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with dosage amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled, in a font size at least as large as the largest other font size used on the package, as containing "Marijuana," or a " Marijuana-Infused Product." Violation of this prohibition shall subject the violator to Department sanctions, including an administrative penalty.

(6) No individual shall serve as the Primary caregiver for more than three Qualifying Patients.

(7) No Qualifying Patient shall consume marijuana for medical use in a public place, unless provided by law. Violation of this prohibition shall subject the violator to sanctions as provided by general law.

(8) No person shall extract resins from marijuana using dangerous materials or combustible gases without a Medical Marijuana-Infused Products Manufacturing Facility license. Violation of this prohibition shall subject the violator to Department sanctions, including an administrative penalty and, if applicable, loss of their identification card, certificate, or license for up to one year.

(9) All Qualifying Patient cultivation shall take place in an enclosed, locked facility that is equipped with security devices that permit access only by the Qualifying Patient or by such patients Primary caregiver. Two Qualifying Patients, who both hold valid Qualifying Patient cultivation identification cards, may share one enclosed, locked facility. No more than twelve Qualifying Patient or Primary caregiver cultivated flowering marijuana plants may be cultivated in a single, enclosed locked facility, except when a Primary caregiver also holds a Qualifying Patient cultivation identification card, in which case no more than eighteen flowering marijuana plants may be cultivated in a single, enclosed, locked facility.

(10) No Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, Medical Marijuana-Infused Products Manufacturing Facility, Medical Marijuana Testing Facility, or entity with a transportation certification shall assign, sell, give, lease, sublicense, or otherwise transfer its license or certificate to any other entity without the express consent of the Department, not to be unreasonably withheld.

(11) Unless allowed by the local government, no new Medical Marijuana Cultivation Facility, Medical Marijuana Testing Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility shall be initially sited within one thousand feet of any then-existing elementary or secondary school, child day-care center, or church. No local government shall prohibit Medical Marijuana Cultivation Facilities, Medical Marijuana Testing Facilities, Medical Marijuana Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities, or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a Medical Marijuana Cultivation Facility, Medical Marijuana Testing Facility, Medical Marijuana-Infused Products Manufacturing Facility, Medical Marijuana Dispensary Facility, or entity holding a transportation certification that may operate in such locality.

(12) Unless superseded by federal law or an amendment to this Constitution, a physician shall not certify a qualifying condition for a patient by any means other than providing a physician certification for the patient, whether handwritten, electronic, or in another commonly used format. A Qualifying Patient must obtain a new physician certification at least annually.

(13) A physician shall not issue a certification for the medical use of marijuana for a non-emancipated Qualifying Patient under the age of eighteen without the written consent of the Qualifying Patient's parent or legal guardian. The Department shall not issue a Qualifying Patient identification card on behalf of a non-emancipated Qualifying Patient under the age of eighteen without the written consent of the Qualifying Patient's parent or legal guardian. Such card shall be issued to one of the parents or guardians and not directly to the patient. Only a parent or guardian may serve as a Primary caregiver for a non-emancipated Qualifying Patient under the age of eighteen. Only the Qualifying Patient's parent or guardian shall purchase or possess medical marijuana for a non-emancipated Qualifying Patient under the age of eighteen. A parent or guardian shall supervise the administration of medical marijuana to a non-emancipated Qualifying Patient under the age of eighteen

(14) Nothing in this section shall be construed as mandating health insurance coverage of medical marijuana for Qualifying Patient use.

(15) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for medical use or for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.

8. Severability

The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.

9. Effective Date

The provisions of this section shall become effective on December 6, 2018.]

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2019

RECEIVED
APR 04 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Shetova Hayes regarding a proposed statutory amendment to Chapter 558 (2020-056)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Shetova Hayes on April 4, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2019 APR -4 AM 9:01
SECRETARY OF STATE

(OFFICIAL BALLOT TITLE)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSURI, COUNTY OF _____
I _____, being first duly sworn, say

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
1.	/ /					
2.	/ /					
3.	/ /					
4.	/ /					
5.	/ /					
6.	/ /					
7.	/ /					
8.	/ /					
9.	/ /					
10.	/ /					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do __ do not __ (check one) expect to be paid for circulating this petition. If paid, list the payer _____ _____.

_____
Signature of Affiant

_____
Printed Name of Affiant

_____

_____
Address of Affiant

Subscribed and sworn to before me this ___ day of _____, A.D. _____.

_____
Signature of Notary

_____

_____
Address of Notary

Notary Public (Seal)
My commission expires _____

PROPOSED MEASURE

Be it enacted by the people of the state of Missouri:

Section 558.019, RSMo, subsection 3 would be repealed. In lieu of it a new subsection relating to prison commitment terms for first-time dangerous felony offenders and offenders with multiple convictions of dangerous felonies. The current law reads as follows (with the matter to be deleted in [brackets], and the new matter shown underlined):

558.019.1. This section shall not be construed to affect the powers of the governor under article IV, section 7, of the Missouri Constitution. This statute shall not affect those provisions of section 565.020, section 566.125, or section 571.015, which set minimum terms of sentences, or the provisions of section 559.115, relating to probation.

2. The provisions of subsections 2 to 5 of this section shall be applicable to all classes of felonies except those set forth in chapter 579, or in chapter 195 prior to January 1, 2017, and those otherwise excluded in subsection 1 of this section. For the purposes of this section, "prison commitment" means and is the receipt by the department of corrections of an offender after sentencing. For purposes of this section, prior prison commitments to the department of corrections shall not include an offender's first incarceration prior to release on probation under section 217.362 or 559.115. Other provisions of the law to the contrary notwithstanding, any offender who has been found guilty of a felony other than a dangerous felony as defined in section 556.061 and is committed to the department of corrections shall be required to serve the following minimum prison terms:

(1) If the offender has one previous prison commitment to the department of corrections for a felony offense, the minimum prison term which the offender must serve shall be forty percent of his or her sentence or until the offender attains seventy years of age, and has served at least thirty percent of the sentence imposed, whichever occurs first;

(2) If the offender has two previous prison commitments to the department of corrections for felonies unrelated to the present offense, the minimum prison term which the offender must serve shall be fifty percent of his or her sentence or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first;

(3) If the offender has three or more previous prison commitments to the department of corrections for felonies unrelated to the present offense, the minimum prison term which the offender must serve shall be eighty percent of his or her sentence or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first.

[3. Other provisions of the law to the contrary notwithstanding, any offender who has been found guilty of a dangerous felony as defined in section 556.061 and is committed to the department of corrections shall be required to serve a minimum prison term of eighty-five percent of the sentence imposed by the court or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first.]

3. Other provisions of the law to the contrary notwithstanding, any offender who has more than once been found guilty of a dangerous felony as defined in section 556.061 and is committed to the department of corrections shall be required to serve a minimum prison term of eighty-five percent of the sentence imposed by the court or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first.:

(1) If the offender has one previous prison commitment to the department of corrections for a dangerous felony offense, the minimum prison term which the offender must serve shall be fifty percent of their sentence or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first. If the offender has maintained the best possible institutional score for the year prior to their scheduled parole hearing date, then parole shall be granted. If parole is denied, a hearing shall be scheduled every two years until the offender is paroled. The first-time conviction exception of this subsection shall be applicable to all dangerous felonies occurring on or after August 28, 1994.

4. For the purpose of determining the minimum prison term to be served, the following calculations shall apply:

(1) A sentence of life shall be calculated to be thirty years;

(2) Any sentence either alone or in the aggregate with other consecutive sentences for offenses committed at or near the same time which is over seventy-five years shall be calculated to be seventy-five years.

5. For purposes of this section, the term "minimum prison term" shall mean time required to be served by the offender before he or she is eligible for parole, conditional release or other early release by the department of corrections.

6. (1) A sentencing advisory commission is hereby created to consist of eleven members. One member shall be appointed by the speaker of the house. One member shall be appointed by the president pro tem of the senate. One member shall be the director of the department of corrections. Six members shall be appointed by and serve at the pleasure of the governor from among the following: the public defender commission; private citizens; a private member of the Missouri Bar; the board of probation and parole; and a prosecutor. Two members shall be appointed by the Supreme Court, one from a metropolitan area and one from a rural area. All members shall be appointed to a four-year term. All members of the sentencing commission appointed prior to August 28, 1994, shall continue to serve on the sentencing advisory commission at the pleasure of the governor.

(2) The commission shall study sentencing practices in the circuit courts throughout the state for the purpose of determining whether and to what extent disparities exist among the various circuit courts with respect to the length of sentences imposed and the use of probation for offenders convicted of the same or similar offenses and with similar criminal histories. The commission shall also study and examine whether and to what extent sentencing disparity among economic and social classes exists in relation to the sentence of death and if so, the reasons therefor, if sentences are comparable to other states, if the length of the sentence is appropriate, and the rate of rehabilitation based on sentence. It shall compile statistics, examine cases, draw conclusions, and perform other duties relevant to the research and investigation of disparities in death penalty sentencing among economic and social classes.

(3) The commission shall study alternative sentences, prison work programs, work release, home-based incarceration, probation and parole options, and any other programs and report the feasibility of these options in Missouri.

(4) The governor shall select a chairperson who shall call meetings of the commission as required or permitted pursuant to the purpose of the sentencing commission.

(5) The members of the commission shall not receive compensation for their duties on the commission, but shall be reimbursed for actual and necessary expenses incurred in the performance of these duties and for which they are not reimbursed by reason of their other paid positions.

(6) The circuit and associate circuit courts of this state, the office of the state courts administrator, the department of public safety, and the department of corrections shall cooperate with the commission by providing information or access to information needed by the commission. The office of the state courts administrator will provide needed staffing resources.

7. Courts shall retain discretion to lower or exceed the sentence recommended by the commission as otherwise allowable by law, and to order restorative justice methods, when applicable.

8. If the imposition or execution of a sentence is suspended, the court may order any or all of the following restorative justice methods, or any other method that the court finds just or appropriate:

(1) Restitution to any victim or a statutorily created fund for costs incurred as a result of the offender's actions;

(2) Offender treatment programs;

(3) Mandatory community service;

(4) Work release programs in local facilities; and

(5) Community-based residential and nonresidential programs.

9. The provisions of this section shall apply only to offenses occurring on or after August 28, 2003.

10. Pursuant to subdivision (1) of subsection 8 of this section, the court may order the assessment and payment of a designated amount of restitution to a county law enforcement restitution fund established by the county commission pursuant to section 50.565. Such contribution shall not exceed three hundred dollars for any charged offense. Any restitution moneys deposited into the county law enforcement restitution fund pursuant to this section shall only be expended pursuant to the provisions of section 50.565.

11. A judge may order payment to a restitution fund only if such fund had been created by ordinance or resolution of a county of the state of Missouri prior to sentencing. A judge shall not have any direct supervisory authority or administrative control over any fund to which the judge is ordering a person to make payment.

12. A person who fails to make a payment to a county law enforcement restitution fund may not have his or her probation revoked solely for failing to make such payment unless the judge, after evidentiary hearing, makes a finding supported by a preponderance of the evidence that the person either willfully refused to make the payment or that the person willfully, intentionally, and purposefully failed to make sufficient bona fide efforts to acquire the resources to pay.

13. Nothing in this section shall be construed to allow the sentencing advisory commission to issue recommended sentences in specific cases pending in the courts of this state.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-056)

Subject

Initiative petition from Shetova Hayes regarding a proposed amendment to Chapter 558 of the Revised Statutes of Missouri. (Received April 4, 2019)

Date

April 24, 2019

Description

This proposal would amend Chapter 558 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact as a result of the proposed petition.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated they report no fiscal impact for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated this initiative petition proposes changes in section 558.019, RSMo subsection 3 as follows:

Section 558.019 subsection 3, requiring a minimum prison term of eighty-five percent for a dangerous felony, is repealed to add the term, "*Any offender who has more than once been found guilty of a dangerous felony*" instead of "*Any offender who has been found guilty of a dangerous felony*." Thus, the requirement of completion of eighty five percent of prison term before attaining seventy years is amended to be applicable to offenders who are found more than once guilty of a dangerous felony under section 556.061.

Although section 558.019, subsection 3(1) sets the minimum prison term to fifty percent for offenders who have one previous prison commitment to the department of corrections for a dangerous felony, it is assumed that the intent of the legislation is to be that offenders

with no prior incarceration for a dangerous felony will serve a minimum prison term of 50%. The subsection also sets parole hearing guidelines for such offenders. The legislation will apply to offenders serving new sentences and to offenders incarcerated and serving a minimum prison term of 85%.

Calculating how long offenders will serve if the minimum prison term (MPT) is reduced to 50% is difficult because dangerous felonies are serious offenses and the parole board has historically required offenders to serve a significant portion of the sentence before parole. If the MPT is reduced to 50%, then the time served can be from 50% to the conditional release date. For most offenses the parole board's guideline time served is the best estimate, but for serious violent offenses the parole board has normally set release dates over guideline.

It is unknown how the Parole Board will determine the release dates for offenders serving dangerous felonies. Therefore, the fiscal impact to their department with the passage of this bill is an unknown savings.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety-Director's Office** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition would not have a fiscal impact on their office/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal amends Section 558.019 by modifying minimum prison terms for offenders found guilty of a dangerous felony. Current law provides that offenders who have been found guilty of a dangerous

felony shall be required to serve a minimum prison term of 85% of the sentence or until the offender attains 70 years of age and has served at least 40% of the sentence imposed.

This proposal modifies current law to require that offenders who have been more than once found guilty of a dangerous felony shall be required to serve a minimum prison term of 85% of the sentence or until the offender attains 70 years of age and has served at least 40% of the sentence imposed. Offenders who have one previous prison commitment for a dangerous felony shall be required to serve a minimum prison term of 50% of the sentence or until the offender attains 70 years of age and has served at least 40% of the sentence imposed. A parole hearing for such offenders shall be scheduled every two years and parole shall be granted if the offender has maintained the best possible institutional score for the year prior to their parole hearing. The first-time conviction exception shall be applicable to dangerous felonies occurring on or after August 28, 1994.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there may be some impact on the courts but there is no way to quantify that currently.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year (FY) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there is no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate no additional costs, and possible savings of an unknown amount. Local governmental entities expect no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
APR 04 2019
STATE AUDITORS OFFICE

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article I (2020-055)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on April 3, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of Section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the State of Missouri and _____County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the State of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____. I, _____ being first duly sworn, say
(print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS Street, No PO Boxes (City, Town or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
1.	/ /				
2.	/ /				
3.	/ /				
4.	/ /				
5.	/ /				
6.	/ /				
7.	/ /				
8.	/ /				
9.	/ /				
10.	/ /				

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the State of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do X do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant (Person obtaining signatures)

_____
Address of Affiant (Person obtaining signatures)

Subscribed and sworn to before me this _____day of _____, A.D. _____.

_____
Signature of Notary

_____
Address of Notary

Notary Public (Seal)

My Commission expires _____.

Be it resolved by the People of the State of Missouri that the Constitution be amended:

Section A. Article I, Constitution of Missouri, is amended by adding one new section, to be known as section 38, to read as follows:

Section 38. All areas of this state shall be exempted from the daylight saving time provisions of 15 U.S.C. Section 260a. Beginning on the first Sunday in March of 2021, the state and its political subdivisions and agencies shall switch clocks to daylight saving for the last time and the use of daylight saving time for public purposes will be eliminated. After this time, daylight saving time will no longer be recognized as the official time of this state.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-055)

Subject

Initiative petition from Steven Reed regarding a proposed constitutional amendment to Article I. (Received April 4, 2019)

Date

April 24, 2019

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact as a result of the proposed petition.

Officials from the **Department of Elementary and Secondary Education** indicated this petition has no cost to their department.

Officials from the **Department of Higher Education** indicated no fiscal impact for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated there is fiscal impact to their office.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition would not have a fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal amends Article I of the Constitution of Missouri by exempting Missouri from daylight saving time after the first Sunday in March of 2021. After this time, daylight saving time will no longer be recognized as the official time of the state.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year (FY) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment would have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they do not see a particular fiscal impact of this petition on their school.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State and local governmental entities estimate no costs or savings from this proposal.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 26, 2019

RECEIVED
MAR 26 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Christopher Pieper regarding a proposed constitutional amendment to Article VI (2020-054)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Christopher Pieper on March 25, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

20-054

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the State of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the State of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 MAR 25 AM 10 22

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer:

_____ (Name of payer)

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____ day of ____ A.D. 20_____.
Notary Public (Seal)

_____ Signature of Notary

My commission expires _____.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article VI of the Constitution is revised by repealing Sections 30(a), 30(b), 31, 32(a), 32(b), 32(c), and 33 and adopting one new section to be known as Article VI, Section 30 to read as follows:

1. Definitions.

(1) When used in this section, the following terms shall have the following meanings:

(a) "Effective date of this section" shall mean January 1, 2021, which shall be the effective date of the enactment of section 30 of this article and the repeal of sections 30(a), 30(b), 31, 32(a), 32(b), 32(c), and 33 of this article.

(b) "Financing obligation" means any bond, note, capital lease, or similar obligation of the metropolitan city, a municipality, a municipal district, or the St. Louis Municipal Corporation, as applicable, including any such obligations issued on behalf of any such entity and any such obligations issued to refinance or refund any such obligation.

(c) "General district service" shall mean any duty, service, or function of the metropolitan city, a county, or a city, now or in the future assigned by law, charter, or ordinance of the metropolitan city, including, without limitation: public health, safety, and general welfare; police, law enforcement, and municipal court; the licensing, taxing, and regulation of businesses, occupations, professions, activities, and things; transportation, infrastructure, and public works; and economic development.

(d) "Mayor" shall mean the mayor of the metropolitan city.

(e) "Metropolitan city" shall mean The Metropolitan City of St. Louis.

(f) "Municipal district" shall mean a municipal district of the metropolitan city, comprising the territory within the municipality immediately prior to the effective date of this section.

(g) "Municipal district service" shall mean any duty, service, or function of the municipality immediately prior to the effective date of this section or in the future assigned to the municipal district by law, charter, or ordinance of the metropolitan city, and which is not otherwise a general district service provided or secured by the metropolitan city within the territory of the municipal district, including, without limitation: fire protection, emergency medical, and related services; parks and recreation; proprietary and enterprise functions; facilities; and administration of the municipal district.

(h) "Municipality" shall mean any incorporated city, town, or village located wholly within the territory of the city of St. Louis or the county of St. Louis as of January 1, 2019, including the city of St. Louis.

(i) "Special district" shall mean, excluding school districts and fire protection districts, any political subdivision, municipal corporation, body corporate and politic, authority, metropolitan district, taxing district, taxing subdistrict, public corporation, or quasi-public corporation created pursuant to this constitution, law, charter, ordinance, or resolution, other than the county of St. Louis or a municipality, located wholly or partially within the territory in the city of St. Louis or the county of St. Louis immediately prior to the effective date of this section.

(j) "This section" shall mean this article VI, section 30.

(k) "Transition mayor" shall mean the transition mayor of the metropolitan city.

(l) "Transition period" shall mean the period between the effective date of this section and January 1, 2023.

2. Metropolitan City.

(1)(a) Notwithstanding any provision of law or this constitution, upon the effective date of this section, the territory of the county of St. Louis is extended to embrace the territory heretofore in the city of St. Louis and the county of St. Louis, and the county of St. Louis so expanded shall continue its corporate existence as a new political subdivision, body corporate and politic, and municipal corporation, which is hereby created, with its name "The Metropolitan City of St. Louis" and its seat of government within the territory heretofore in the city of St. Louis.

(b) All rights, duties, personnel, property, contracts, records, assets, liabilities, and obligations of any kind of the county of St. Louis, including, without limitation, the payment of principal and interest on financing obligations, and any obligations related to employee benefits, including, without limitation, pension, retirement, disability, death, medical, life insurance, and similar benefits for employees, eligible dependents, and beneficiaries, shall continue without impairment with the metropolitan city by operation of this section.

(2) The metropolitan city shall be a metropolitan city form of government, which is hereby created, and which shall possess all the powers and privileges of both a constitutional charter county and a constitutional charter city, including any city not within a county. The powers and privileges of the metropolitan city shall include, without limitation, all powers and privileges of the county of St. Louis and of any municipality immediately prior to the effective date of this section, and all powers and privileges now or in the future granted to the metropolitan city, to a county, or to a city under this constitution and the laws of this state. Such powers and privileges shall be cumulative and shall be construed broadly in favor of the metropolitan city.

(3) The metropolitan city shall be governed by a charter. Notwithstanding any provision of law or this constitution, the initial charter of the metropolitan city shall be the charter of the county of St. Louis as of January 1, 2019, except as otherwise provided in this section. The specific mention of or the failure to mention a particular power or privilege in the initial charter shall not limit in any way the powers and privileges granted herein to the metropolitan city. The initial charter shall be liberally construed to effectuate this section and in harmony therewith. The initial charter may be amended in the manner provided in this section and, following the transition period, in the manner provided by charter, provided that any amendment submitted to voters by ordinance of the metropolitan council shall require the affirmative vote of two-thirds of the qualified electors voting thereon.

(4)(a) Unless otherwise provided by charter following the transition period, there shall be no elective officers of the metropolitan city other than the mayor, the members of the metropolitan council, the assessor, and the prosecuting attorney. Elective officers shall be qualified voters of the metropolitan city and shall possess such additional qualifications provided by charter. Except as otherwise provided in this section, elective officers of the metropolitan city shall be nominated and elected in the manner provided in the election laws for state and county officers. No person duly serving in any office of the county of St. Louis or of any municipality immediately prior to the effective date of this section shall be disqualified from candidacy for elective office of the metropolitan city or of a municipal district, but shall forfeit such office upon assuming elective office of the metropolitan city or of a municipal district. A vacancy shall exist in an office of the metropolitan city in the event of death, resignation, or inability to serve of the person designated by this section to assume such office.

(b) The salary for members of the metropolitan council shall be as provided for members of the board of aldermen of the city of St. Louis immediately prior to the effective date of this section and as may be fixed by ordinance. The salary for all other elective officers of the metropolitan city shall be as provided for corresponding officers of the county of St. Louis immediately prior to the effective date of this section and as may be fixed by ordinance.

(5)(a) Except as otherwise provided in this section with respect to the transition period and as may be otherwise provided by charter following the transition period, the legislative power of the metropolitan city shall be vested in the metropolitan council and shall include the exercise of legislative power throughout the territory of the metropolitan city, including within the territory of any municipal district, pertaining to any and all duties, services, and functions now or in the future assigned to the metropolitan city, to a county, or to a city.

(b) The metropolitan council shall consist of thirty-three members, elected for terms of four years by the qualified voters of the districts in which they reside, except that members initially representing even-numbered districts shall be elected for terms of two years to provide for staggered terms. Members shall be elected at the general election in 2022, and so on at succeeding elections, and shall take office on January first following election. Notwithstanding the foregoing, the members of the county council of the county of St. Louis duly serving as of the effective date of this section shall be entitled to continue service as members of the county council of the county of St. Louis for the term of office for which they were elected or appointed and receive compensation therefor in the exercise of the duties specified in this section.

(c) Members of the metropolitan council shall be elected from districts established in the manner provided in this section.

(i) Before April 1, 2021, the mayor and transition mayor shall jointly appoint a member or members of the faculty, with relevant expertise and without partisan affiliation, of one or more universities located within the metropolitan city to prepare a plan to divide the metropolitan city into districts from which members of the metropolitan council shall be elected. The plan shall include a statement of the boundaries of the initial districts, together with a map of such districts. Districts shall contain as nearly equal population as practicable, shall be compact and contiguous, and shall comply with all requirements of the United States Constitution and federal laws, including, but not limited to, the Voting Rights Act of 1965, as amended. Such districts shall respect boundaries of municipal districts and communities of interest whenever practicable.

(ii) Before September 1, 2021, the plan shall be submitted for adoption, with or without amendment, by the county council of the county of St. Louis and the governing body of the municipal district within the territory heretofore in the city of St. Louis. If both shall fail to adopt identical plans with the characteristics required by this section, on or before December 31, 2021, the plan as submitted shall be deemed approved as of that date. Upon approval, the plan shall be filed with the official performing the duties of a county clerk and the office or officers charged with conducting elections in the metropolitan city and shall be deemed incorporated into the charter.

(iii) On or before December thirty-first of the year following a federal decennial census, beginning with the first federal decennial census following the transition period, the districts shall be reapportioned, if necessary, in the manner provided in the charter and with the characteristics provided in this section.

(d) At its first regular meeting following the transition period, and every two years thereafter, the members of the metropolitan council shall designate a president and vice-president, whose terms of office shall be for two years.

(e) Any vacancy in the metropolitan council shall be filled by appointment of the president of the metropolitan council. Any person appointed to fill such vacancy shall have the same qualifications otherwise established for the office and shall serve until a successor is duly serving following a special election for the unexpired or full term.

(6)(a) Except as otherwise provided in this section with respect to the transition period and as may be otherwise provided by charter following the transition period, all executive and administrative power of the metropolitan city shall be vested in the mayor, who shall be the chief executive officer of the metropolitan city and shall possess and exercise all the powers and duties of the chief executive officer of a county and of a city now or in the future granted. Notwithstanding any other provision of law or this constitution, the initial mayor shall be the person duly serving as county executive of the county of St. Louis on the effective date of this section, who shall assume office upon the effective date of this section and hold office until a successor is duly serving. The mayor shall be elected at the general election in 2022, and every four years thereafter, and shall take office on January first following election. Except as otherwise provided in this section with respect to the transition period, a vacancy in the office of mayor shall be filled by the president of the metropolitan council, who shall possess and exercise the powers and duties of the office until a successor is serving following a special election for the unexpired or full term. While so holding the office of mayor, a temporary vacancy shall exist in the office of the president of the metropolitan council. The vice-president of the metropolitan council shall hold the office of president of the metropolitan council during any such vacancy, with the right of succession to the office of mayor. Notwithstanding the foregoing, the transition mayor shall possess and exercise the powers and duties of the office of mayor in the event of a vacancy in such office during the transition period. The vacancy in the office of transition mayor thereby created shall be filled by appointment of the transition mayor, now serving as mayor, from a list of no less than three qualified voters nominated by resolution of the county council of the county of St. Louis. If the county council of the county of St. Louis shall fail to submit such list within seven days of the vacancy, the office shall be filled by appointment of the transition mayor, now serving as the mayor.

(b) The mayor shall appoint no fewer than four deputy mayors, to serve at the pleasure of the mayor and with such duties as directed by ordinance or executive order, with respect to public health and safety; economic development and innovation; community development and housing; community engagement and equity; and as otherwise designated by charter.

(c) There shall be an assessor of the metropolitan city who shall possess and exercise all the powers and duties of a county assessor now or in the future granted. Notwithstanding any other provision of law or this constitution, the initial assessor shall be the person duly serving as assessor of the county of St. Louis on the effective date of this section, who shall assume office upon the effective date of this section and hold office until a successor is duly serving. The assessor shall be elected at the general election in 2022, and every four years thereafter, and shall take office on January first following election. A vacancy in the office shall be filled by appointment of the mayor, and the person so appointed shall hold office until January first following the next general election at which a successor shall be elected for the unexpired or full term.

(d) There shall be a prosecuting attorney of the metropolitan city who shall possess and exercise all the powers and duties of a prosecuting attorney and the circuit attorney for the city of St. Louis now or in the future granted. Notwithstanding any other provision of law or this constitution, the initial prosecuting attorney shall be the person duly serving as prosecuting attorney of the county of St. Louis on the effective date of this section, who shall assume office upon the effective date of this section and hold office until a successor is duly serving. The prosecuting attorney shall be elected at the general election in 2022, and every four years thereafter, and shall take office on January first following election. A vacancy in the office shall be filled by appointment of the mayor, and the person so appointed shall hold office until January first following the next general election at which a successor shall be elected for the unexpired or full term.

(e) There shall be a metropolitan city counselor appointed by the mayor, with such qualifications provided by charter, who shall serve as the metropolitan city's attorney and counselor at law and shall possess and exercise all the powers and duties of a county counselor and a city attorney now or in the future granted.

(f) Except as provided in this section, the metropolitan city shall have such departments and offices as established by the county of St. Louis as of the effective date of this section and as may be subsequently established by the metropolitan city. Except for the heads of a department appointed by the majority of the circuit judges as provided by charter, the heads of each department shall be appointed by the mayor and shall assume office upon appointment. Upon the effective date of this section, a board or commission of the county of St. Louis, and which is not the governing body of a special district, shall continue as a board or commission of the metropolitan city, until otherwise provided by charter or by ordinance of the metropolitan city, with the members duly serving holding office until a successor is duly appointed. The members of boards and commissions of the metropolitan city shall be appointed by the mayor, or otherwise as designated by charter, and shall exercise such duties and functions as assigned by law, charter, ordinance, or order.

(7)(a) During the transition period, all executive and administrative power of the metropolitan city shall be vested jointly in the mayor and transition mayor, who shall together constitute the chief executive officer of the metropolitan city and who shall jointly undertake or order the exercise or performance of any power, duty, or function necessary and proper to faithfully execute the orderly administration and implementation of this section. Notwithstanding any provision of law or this constitution, the transition mayor shall be the person serving as mayor of the city of St. Louis on the effective date of this section, who shall assume the office of transition mayor upon the effective date of this section and hold office until January 1, 2023. During the transition period, the transition mayor shall concurrently exercise the powers, privileges, duties, and functions of the chief executive officer of the governing body of the municipal district within the territory heretofore in the city of St. Louis. A vacancy in the office of transition mayor shall be filled by appointment of the mayor from a list of no less than three qualified voters nominated by resolution of the governing body of the municipal district within the territory heretofore in the city of St. Louis. If the governing body of the municipal district shall fail to submit such list within seven days of the vacancy, the office shall be filled by appointment of the mayor.

(b) Notwithstanding any provision of law or this constitution, to the extent an executive or administrative power, duty, or function is required to be exercised or performed by the metropolitan city during the transition period, such power, duty, or function may be exercised or

performed jointly by the mayor and transition mayor or, at their joint direction, by an official or employee of the metropolitan city or of a municipal district, but shall be deemed exercised or performed by the metropolitan city. Such powers, duties, and functions shall include, without limitation: (i) on or before February 1, 2021, establishing procedures related to the joint exercise and performance of the power, duties, and functions authorized by this section, including, without limitation, a procedure for the resolution of any nonconcurrence among the mayor and transition mayor; (ii) on or before April 1, 2021, making appointments to offices, departments, boards, and commissions, except for officers appointed by a majority of the circuit judges as provided in the charter, with such persons assuming office upon their appointment; (iii) ordering the metropolitan city provide or secure the provision of a general district service within the territory of a municipal district; (iv) administering the budget for each year of the transition period in the manner provided in this section; (v) transferring and assigning the functions and duties of personnel; (vi) entering into contracts and agreements; (vii) transferring and accepting the transfer of property; and (viii) executing any necessary documents or instruments related thereto on behalf of the metropolitan city. The mayor and transition mayor shall jointly undertake or order the exercise or performance of such powers, duties, or functions pursuant to executive order contemporaneously transmitted to the county council of the county of St. Louis and the governing body of each municipal district.

(c) During the transition period, the mayor and transition mayor shall jointly solicit public comment and, before November 15, 2022, shall jointly present to the public, at meetings called for such purpose, a plan to create, organize, and abolish executive and administrative departments, divisions, bureaus, commissions, boards, offices, and employments, and transfer the functions and duties thereof, as necessary and proper to effectuate this section and to ensure the proper and efficient administration of the affairs of the metropolitan city. The plan shall provide for the exercise of executive and administrative powers and duties of counties and county officers prescribed by this constitution and laws of the state and shall provide for the exercise of executive and administrative powers, privileges, duties, and functions of the metropolitan city prescribed in this section, including, without limitation, providing or securing the provision of general district services throughout the territory of the metropolitan city. On or after January 1, 2023, the plan shall be submitted to the metropolitan council and shall take effect within thirty days of submission, unless disapproved by resolution adopted by two-thirds of all members voting in the affirmative, provided that if the plan would affect the department of judicial administration, such plan shall not become effective unless upon the concurrence of a majority of the circuit judges within the metropolitan city. Upon taking effect, the plan shall take the place of and supersede charter provisions, ordinances, resolutions, rules, regulations, and orders inconsistent therewith.

(d) Notwithstanding any provision of law or this constitution, during the transition period, the county council of the county of St. Louis and the governing body of the municipal district located within the territory heretofore of the city of St. Louis, upon the joint recommendation of the mayor and transition mayor, shall adopt resolutions, ordinances, and orders consistent with this section and its orderly implementation and administration, with such resolutions, ordinances, and orders deemed as on behalf of the metropolitan city upon their adoption by both such bodies and the joint approval thereof by the mayor and transition mayor, and may continue to separately adopt resolutions, ordinances, and orders consistent with this section and its orderly implementation and administration applying to their respective territories.

(e) During the transition period, the governing body of a municipal district shall administer the affairs of the municipal district, provided that, unless upon the joint approval of the mayor and transition mayor, no municipal district shall incur any new obligation extending beyond the transition period with respect to the provision of general district services, other than with respect to the refunding of financing obligations, nor dispose of its property, except as required by contract.

(f) During the transition period, it shall be the affirmative duty of any official or employee of the metropolitan city, the county of St. Louis, or a municipal district to cooperate in the orderly administration and implementation of this section under the joint direction of the mayor and transition mayor and to refrain from any official action that would impair or frustrate its orderly administration and implementation.

(8) Notwithstanding any provision of law or this constitution, upon the effective date of this section, the powers and duties of any county office of the city of St. Louis or the county of St. Louis shall be deemed exercised or performed on behalf of the metropolitan city. Except as otherwise provided in this section, on or before January 1, 2022, all property, contracts, records, and personnel related to any such county office shall be transferred to the corresponding office of the metropolitan city. Incumbents serving in such offices shall serve the remainder of the term for which they were elected or appointed, subject to any right of resignation, and shall receive compensation therefor in the performance of such duties directed by the metropolitan city.

(9) The entire territory of the metropolitan city shall be a general services district throughout which the metropolitan city shall provide or secure the provision of general district services, including within the territory of any municipal district. Notwithstanding the foregoing, a municipal district shall continue to provide or secure the provision of a general district service on behalf of the metropolitan city until provided or secured by the metropolitan city within the territory of the municipal district pursuant to executive order or ordinance of the metropolitan city. Except as otherwise provided in this section and excluding any fund balance of a municipal district, any property, contracts, records, and personnel of a municipal district related to providing or securing a general district service shall be transferred to the metropolitan city upon the metropolitan city providing or securing the provision of a general district service within the territory of the municipal district.

(10)(a) The metropolitan city shall enforce its ordinances, resolutions, rules, regulations, and orders throughout its territory. Ordinances, resolutions, rules, regulations, and orders of the county of St. Louis in effect immediately prior to the effective date of this section shall remain effective as ordinances, resolutions, rules, regulations, and orders of the metropolitan city and shall be enforced by the metropolitan city until repealed, modified, or amended by the metropolitan city, except to the extent of any conflict with this section. Charter provisions, ordinances, resolutions, rules, regulations, and orders of any municipality in effect immediately prior to the effective date of this section shall become effective as ordinances, resolutions, rules, regulations, and orders of the metropolitan city as if enacted or promulgated by the metropolitan city and shall be enforced by the metropolitan city with respect to the territory to which they applied immediately prior to the effective date of this section until repealed, modified, or amended by the metropolitan city, except to the extent of any conflict with this section. Notwithstanding the foregoing, during the transition period, a municipal district may, under the direction of the metropolitan city, continue to enforce such ordinances, resolutions, rules, regulations, and orders within its territory, and such enforcement shall be deemed on behalf of

the metropolitan city. All ordinances, resolutions, rules, regulations, or orders of the metropolitan city shall be construed to effectuate this section.

(b) The metropolitan city counselor shall review all charter provisions, ordinances, resolutions, rules, regulations, and orders and shall solicit public comments related thereto. By no later than November 15, 2022, the metropolitan city counselor shall issue a report on such modifications and revisions necessary or advisable, including, without limitation, to resolve any conflicts whereby any rights, remedies, entitlements, or the enforcement thereof, cannot reasonably be reconciled. The metropolitan council may adopt the report by ordinance, and, upon adoption, the charter, ordinances, resolutions, rules, regulations, and orders in effect shall be deemed modified to reflect the report so adopted.

(11)(a) Upon the effective date of this section, the jurisdiction of the municipal court for the county of St. Louis shall be extended to the entire territory of the metropolitan city and shall constitute the municipal court for the metropolitan city. The municipal court shall have jurisdiction to hear and determine cases involving violations of ordinances in the manner provided by this constitution or by law, rule, charter, or ordinance. Notwithstanding the foregoing, during the transition period, a municipal court within the metropolitan city immediately prior to the effective date of this section may continue to operate as a division of the municipal court of the metropolitan city, with any act of such division deemed performed on behalf of the municipal court of the metropolitan city. On or before January 1, 2023, property, contracts, records, and personnel of any municipal court within the metropolitan city immediately prior to the effective date of this section shall be transferred to the municipal court of the metropolitan city.

(b) The metropolitan city may authorize the municipal court to operate within divisions and in such locations as are convenient to residents of the metropolitan city and which may correspond with the geographic boundaries of one or more municipal courts immediately prior to the effective date of this section. Except as otherwise provided in this section, the municipal court shall have such municipal judges, and the necessary non-judicial personnel assisting them, as provided by law and ordinance. Unless otherwise provided by ordinance of the metropolitan city respecting a municipal court, the mayor shall appoint, with advice and consent of the metropolitan council, the judges of the municipal court. The metropolitan city shall prescribe by ordinance the tenure and compensation of the judges of the municipal court. Municipal judges and necessary non-judicial personnel shall serve full-time, unless otherwise provided by charter of the metropolitan city, provided that the compensation for any full-time judge of the municipal court shall not exceed the compensation for an associate circuit judge.

(c) The clear proceeds of all penalties, forfeitures, and fines collected by the municipal court shall be distributed annually to the schools of the metropolitan city according to law.

3. Municipal Districts.

(1)(a) Upon the effective date of this section, a municipality shall continue its corporate existence as a municipal district, with its name the term "Municipal District" preceded by the name of the municipality, less any previous designation as to city, town, or village, unless otherwise designated by the municipal district or by law. A municipal district of the metropolitan city, which is hereby created, shall be a political subdivision, body corporate and politic, and municipal corporation, exercising and performing such powers, privileges, duties, and functions of the municipality necessary and proper: (i) to provide or secure the provision of a municipal district service not otherwise provided or secured within its territory; (ii) to provide or secure the provision of a general district service until provided or secured by the metropolitan

city within the territory of the municipal district pursuant to executive order or ordinance of the metropolitan city; and (iii) for the satisfaction of outstanding obligations of any kind incurred by the municipality prior to the effective date of this section.

(b) All rights, duties, personnel, property, contracts, records, assets, liabilities, and obligations of any kind of the municipality, including, without limitation, the payment of principal and interest on financing obligations and any obligation related to employee benefits, including, without limitation, pension, retirement, disability, death, medical, life insurance, and similar benefits for employees, eligible dependents, and beneficiaries, and any sums required to be paid by the municipality pursuant to Chapter 86 of the revised statutes of Missouri, shall continue without impairment with the municipal district by operation of this section. Except as otherwise provided in this section, the municipal district and the territory therein shall continue to be held responsible for any such outstanding obligation to the same extent as the municipality immediately prior to the effective date of this section, and any tax, license, fee, or special assessment levied or imposed for the satisfaction of any outstanding obligation shall continue to be levied or imposed within its territory until such obligation is satisfied or the obligation terminates pursuant to the terms thereof. The municipal district may refinance or refund any outstanding financing obligation in the manner provided by law for the municipality. Any property or interest therein securing an outstanding financing obligation shall remain the property of the municipal district until such financing obligation is satisfied, unless otherwise provided pursuant to the terms thereof. Notwithstanding the foregoing, the metropolitan city may assume any outstanding obligation of the municipal district, provided that no such assumption shall impair any obligation of contract.

(2)(a) The governing body of a municipal district shall be the governing body of the municipality, exercising and performing such powers, privileges, duties, and functions of the governing body of the municipality necessary and proper to effectuate this section and for the proper and efficient administration of the municipal district, including, without limitation, serving the function of a planning commission and board of adjustment to the metropolitan city, in the manner authorized by the metropolitan city, with respect to zoning ordinances applicable to territory of the municipal district.

(b) Notwithstanding any provision of law or this constitution, the initial governing body shall consist of the members of the governing body of the municipality duly serving immediately prior to the effective date of this section, who shall assume office with the municipal district upon the effective date of this section and hold office until a successor is duly serving following election, beginning with the first general municipal election following the transition period.

(c) Upon the effective date of this section, a board or commission of the municipality, and which is not the governing body of a special district, shall continue as a board or commission of the municipal district, until otherwise provided by the municipal district, by the metropolitan city, or by law, with the members duly serving holding office until a successor is duly appointed in a manner consistent with that of the municipality or as provided by law.

(3) The boundaries of a municipal district shall not be altered except as approved by ordinance of the metropolitan city. Following the transition period, a municipal district may merge or consolidate with one or more municipal districts or may be dissolved as authorized by ordinance of the metropolitan city providing for the transfer of any rights, duties, personnel, property, contracts, assets, liabilities, and obligations and the procedure and effective date for such merger, consolidation, or dissolution. Such ordinance may provide for creation of a new

municipal district to assume the powers, privileges, duties, and functions of any municipal districts so subsumed.

4. The St. Louis Municipal Corporation.

(1)(a) On January 1, 2023, the municipal district within the territory heretofore in the city of St. Louis shall continue its corporate existence as a political subdivision and municipal corporation, with its name "The St. Louis Municipal Corporation." The St. Louis Municipal Corporation shall exercise and perform such powers, privileges, duties, and functions of the municipal district necessary and proper: (i) for the satisfaction of outstanding obligations of any kind of the municipal district; and (ii) to provide or secure the provision of a municipal district service not otherwise provided or secured within its territory, except as otherwise provided by ordinance of the metropolitan city.

(b) Except as otherwise provided in this section, all rights, duties, personnel, property, contracts, records, assets, liabilities, and obligations of any kind of the municipal district within the territory heretofore in the city of St. Louis, including, without limitation, the payment of principal and interest on financing obligations, and any obligation related to employee benefits, including, without limitation, pension, retirement, disability, death, medical, life insurance, and similar benefits for employees, eligible dependents, and beneficiaries, and any sums required to be paid by the municipality pursuant to Chapter 86 of the revised statutes of Missouri, shall continue without impairment with the St. Louis Municipal Corporation by operation of this section. Except as otherwise provided in this section, the St. Louis Municipal Corporation and the territory therein shall continue to be held responsible for any such outstanding obligation to the same extent as the municipal district within the territory heretofore in the city of St. Louis, and any tax, license, fee, or special assessment levied or imposed for the satisfaction of any outstanding obligation shall continue to be levied or imposed within its territory until such obligation is satisfied or the obligation terminates pursuant to the terms thereof. The St. Louis Municipal Corporation may refinance or refund any outstanding financing obligation in the manner provided by law for the municipality. Any property or interest therein securing any outstanding financing obligation shall remain the property of the St. Louis Municipal Corporation until such financing obligation is satisfied, unless otherwise provided pursuant to the terms thereof. Notwithstanding the foregoing, the metropolitan city may assume any outstanding obligation of the St. Louis Municipal Corporation, provided that no such assumption shall impair any obligation of contract.

(2) The governing body of the St. Louis Municipal Corporation shall be comprised of a board of directors of five qualified voters appointed by the transition mayor, with three directors appointed for terms of three years and two appointed for terms of two years. Such initial members shall assume office on January 1, 2023, and shall hold office until a successor is duly appointed by the mayor of the metropolitan city. Notwithstanding the foregoing, the members of the governing body of the municipal district shall serve the remainder of the term of office for which they were elected or appointed, subject to any right of resignation, and receive compensation therefor in the performance of such duties as directed by the governing body of the St. Louis Municipal Corporation.

(3)(a) As provided in this section for a municipal district, the territory of the St. Louis Municipal Corporation shall continue as a taxing subdistrict of the metropolitan city, and the St. Louis Municipal Corporation shall continue as a separate taxing district, provided that it may exercise only such taxing powers of the municipal district authorized for its exercise by

ordinance of the metropolitan city, except as otherwise provided in this section for the satisfaction of any outstanding obligation.

(b) The metropolitan city shall distribute funds to the St. Louis Municipal Corporation in the manner and for the purposes provided in this section with respect to a municipal district, including, without limitation, funds required to be paid to a retirement system pursuant to Chapter 86 of the revised statutes of Missouri, and may levy or impose a tax, license, fee, or special assessment solely within the territory of the St. Louis Municipal Corporation in the manner and for the purposes provided in this section with respect to a tax, license, fee, or special assessment of the metropolitan city levied or imposed solely within the territory of a municipal district.

(c) Unless otherwise provided by ordinance of the metropolitan city, the St. Louis Municipal Corporation shall be deemed a municipal district for purposes of determining the right to receive, and for the calculation and receipt of, distributions, allocations, remittances, and reimbursements of any kind from the state or United States government, or from any other agency, public or private.

5. Finances.

(1)(a) General district services and the satisfaction of outstanding obligations of any kind of the metropolitan city shall be financed with funds generated throughout the territory of the metropolitan city, including within the territory of any municipal district thereof, or otherwise secured by the metropolitan city. Municipal district services provided or secured by a municipal district within its territory and the satisfaction of outstanding obligations of any kind of a municipal district shall be financed with funds generated within the territory of the municipal district, or otherwise secured by the municipal district.

(b) Notwithstanding any provision of law or this constitution, the metropolitan city shall be empowered to take any and all actions necessary and proper to ensure the satisfaction of outstanding obligations incurred prior to the effective date of this section and to prevent any impairment thereof.

(2)(a) Except as otherwise provided in this section, the tax structure, tax rates, and level of services in effect immediately prior to the effective date of this section shall remain in effect until modified by the metropolitan city. Notwithstanding any provision of law or this constitution, in order to maintain the tax structure, tax rates, and level of services, all taxes, licenses, fees, and special assessments levied or imposed by the county of St. Louis or by a municipality shall continue as a tax, license, fee, or special assessment of the metropolitan city with respect to the territory to which the same applied immediately prior to the effective date of this section, until modified by the metropolitan city, but shall remain subject to any duty or requirement regarding the use of funds generated thereby and shall remain subject to any requirement imposed by law for voter approval of the continued levy or imposition of any such tax initially levied or imposed prior to the effective date of this section. Notwithstanding any provision of law or this constitution, the continuation of any such taxes, licenses, fees, and special assessments shall not be deemed an action by a political subdivision in levying, increasing, or broadening the base of an existing tax, license, or fee.

(b)(i) The metropolitan city shall distribute to the municipal district funds generated by any tax, license, fee, or special assessment of the metropolitan city initially levied by the municipality as required for the satisfaction of any outstanding obligation. If any outstanding obligation is subject to the appropriation of funds therefor, the governing body of the municipal district shall determine whether and to what extent funds shall be appropriated therefor.

(ii) Except as otherwise provided in this section, the metropolitan city shall distribute any remaining funds generated by any property tax or special assessment of the metropolitan city initially levied by the municipality to the municipal district for providing or securing the provision of municipal district services within its territory, and for providing or securing the provision of a general district service until such service is provided or secured by the metropolitan city within the territory of the municipal district pursuant to executive order or ordinance of the metropolitan city.

(iii) Except as otherwise provided in this section, the metropolitan city shall, from any remaining funds generated by any sales or use tax of the metropolitan city initially levied or imposed by the municipality, distribute to the municipal district funds necessary for providing or securing the provision of municipal district services within its territory, and for providing or securing the provision of a general district service until such service is provided or secured by the metropolitan city within the territory of the municipal district pursuant to executive order or ordinance of the metropolitan city.

(3) Each municipal district shall constitute a taxing subdistrict of the metropolitan city. Notwithstanding any provision of law or this constitution: (i) taxes, licenses, fees, or special assessments of the metropolitan city levied or imposed solely within the territory of a municipal district may be different than taxes, licenses, fees, or special assessments of the metropolitan city levied or imposed generally throughout its territory; (ii) the metropolitan city may levy or impose a tax, license, fee, or special assessment solely within the territory of a municipal district in order to ensure the satisfaction of any outstanding obligation, including, without limitation, financing obligations, incurred by the municipality prior to the effective date of this section; and (iii) the metropolitan city may levy or impose a tax, license, fee, or special assessment solely within the territory of a municipal district to provide or secure the provision of, or to increase the level of, any services provided or secured within the territory of the municipal district. Any such tax, license, fee, or special assessment levied or imposed shall be subject to voter approval to the extent required by this constitution for the municipality, and the metropolitan city may issue financing obligations for the purposes provided herein, subject to the requirements of this constitution for voter approval thereof.

(4)(a) In addition to constituting a taxing subdistrict of the metropolitan city, each municipal district shall be a separate taxing district with the taxing powers specified in this section and as may be provided by law. A municipal district may, in the manner and to the extent heretofore authorized for the municipality, exercise the following taxing powers for providing or securing the provision of municipal district services and for providing or securing the provision of a general district service until such service is provided or secured by the metropolitan city within the territory of the municipal district: (i) continue to levy a property tax or special assessment previously levied by the municipality, or levy a property tax or special assessment, which new levy may be in addition to any such property tax or special assessment of the metropolitan city; and (ii) continue to levy a tax upon utilities previously levied by the municipality, or levy a tax upon utilities within the municipal district, which shall be in the place of any such tax upon utilities the metropolitan city is authorized to levy within the territory of the municipal district. The governing body of the municipal district shall set the rate of any property tax or special assessment levied by the municipal district in the manner provided by law and this constitution for the municipality.

(b) A municipal district may, in the manner and to the extent authorized for the municipality and as may be provided by law, charter, or ordinance of the metropolitan city,

continue to impose and collect licenses and fees previously imposed and collected by the municipality, or impose and collect licenses and fees for providing or securing the provision of municipal district services, and for providing or securing the provision of a general district service until such service is provided or secured by the metropolitan city within the territory of the municipal district.

(c) A municipal district may issue financing obligations for the foregoing purposes in the manner provided by law and this constitution for the municipality.

(d) The fiscal year of each municipal district shall be the same as the fiscal year for the metropolitan city. The governing body of a municipal district shall administer the revenues generated from taxes, licenses, fees, and special assessments, along with any funds otherwise secured by the municipal district in a manner consistent with that provided for the municipality and as may be provided by law, charter, or ordinance of the metropolitan city, pursuant to an annual budget adopted by the governing body, beginning with an annual budget for the fiscal year beginning January 1, 2023.

(e) Except as otherwise provided by law, charter, or ordinance of the metropolitan city, not later than ninety days prior to the first day of each fiscal year, beginning with the fiscal year beginning January 1, 2023, the governing body of a municipal district shall submit to the metropolitan city a true and accurate estimate of: (i) all outstanding obligations of any kind, including, without limitation, the principal, interest, and other amounts required to be paid on any financing obligations for the ensuing fiscal year; (ii) the expenditures necessary to provide or secure the provision of services for the ensuing fiscal year; and (iii) the funds, revenues, taxes, licenses, fees, and special assessments for such purposes for the ensuing fiscal year. Except as otherwise provided in this section with respect to the transition period and as may be otherwise provided by law, charter, or ordinance of the metropolitan city following the effective date of this section, the metropolitan city shall make distributions pursuant to this section in accordance with the estimate so certified by the municipal district.

(5)(a) The metropolitan city shall be entitled to receive all funds from the state or United States government, or from any other agency, public or private, to the extent and in the manner in which any county or city of the state is, or may in the future be, entitled to receive such funds. The metropolitan city shall be deemed both a city and a county for determining the right to receive funds from the state or United States government, or from any other agency, public or private.

(b) A municipal district shall be entitled to receive all funds from the state or United States government, or from any other agency, public or private, that are in furtherance of any power conferred upon a municipal district. A municipal district shall be deemed a political subdivision of the state and a municipal corporation for the purpose of determining the right to receive funds from the state or United States government, or from any other agency, public or private.

(c) Notwithstanding any provision of law or this constitution, all apportionments, distributions, allocations, remittances, and reimbursements of any kind from the state or United States government, or from any other agency, public or private, to counties, cities, towns, or villages that the county of St. Louis or any municipality was eligible to receive immediately prior to the effective date of this section, including, without limitation, the proceeds of taxes, licenses, and fees apportioned and distributed pursuant to this constitution or law, shall be calculated in the same manner as if the reorganization pursuant to this section had not occurred, but any such apportionments, distributions, allocations, remittances, and reimbursements shall be made to the

metropolitan city, which shall distribute to the municipal district such portion thereof required for the satisfaction of any outstanding obligation, or necessary for providing or securing the provision of municipal district services within its territory, and for providing or securing the provision of a general district service until such service is provided or secured by the metropolitan city within the territory of the municipal district.

(6)(a) Notwithstanding any provision of law or this constitution, except as otherwise provided in this section, the budget of the metropolitan city and the municipal districts thereof for each year of the transition period shall be the combined adopted budgets for the county of St. Louis and for each municipality covering the twelve-month period beginning January 1, 2019, along with any supplemental or emergency appropriations, and any additional appropriations necessary for the satisfaction of any obligations of the county of St. Louis or any municipality adopted during the twelve-month period beginning January 1, 2020. Such budget shall be the complete financial plan for the metropolitan city and the municipal districts thereof for each year of the transition period. The amounts appropriated therein shall be deemed effective for each year of the transition period, and the taxes, licenses, fees, and special assessments levied and imposed in support thereof are hereby levied and imposed at the rates provided therein for each year of the transition period in order to create and provide new revenues in support of such appropriations. Notwithstanding any provision of law or this constitution, no adjustment to the rate of any levy therein shall be required during the transition period.

(b) The mayor and transition mayor shall jointly administer the budget for each year of the transition period. The mayor and transition mayor may jointly control the rate at which any appropriation is expended by allotment, may jointly reduce expenditures below appropriations, and may jointly transfer appropriations to ensure the proper and efficient administration of the metropolitan city and the municipal districts thereof during the transition period, provided that the mayor and transition mayor shall not reduce any appropriation for the payment of principal and interest on financing obligations. Notwithstanding any provision of law or this constitution, if jointly recommended by the mayor and transition mayor, the county council of the county of St. Louis and the governing body of the municipal district located within the territory heretofore in the city of St. Louis shall by ordinance make supplemental or emergency appropriations from available funds, and such ordinances shall be deemed on behalf of the metropolitan city upon their adoption by both such bodies and the joint approval thereof by the mayor and transition mayor.

(c) During the transition period, the metropolitan city shall distribute, to the municipal district, funds generated from any tax, license, fee, or special assessment of the metropolitan city initially levied by the municipality: (i) as required for the satisfaction of any outstanding obligation of the municipal district, including, without limitation, financing obligations of the municipality; (ii) as necessary for providing or securing the provision of municipal district services within its territory; and (iii) as necessary for providing or securing the provision of a general district service until such service is provided or secured by the metropolitan city within the territory of the municipal district pursuant to executive order or ordinance of the metropolitan city.

(7)(a) Not later than November 15, 2022, the mayor and transition mayor shall jointly recommend and publish a balanced budget for the metropolitan city, which shall provide a complete financial plan for the metropolitan city for the ensuing fiscal year and shall include proposed tax rates, all estimated income and revenue, all proposed expenditures, and such other matters as may be necessary or advisable.

(b) The metropolitan city shall set the rate of any property tax or special assessment of the metropolitan city, including any property tax or special assessment of the metropolitan city levied solely within the territory of a municipal district, in the manner provided in this constitution and by law, except that the rate of the property tax levy for general county purposes levied solely within the territory heretofore in the county of St. Louis shall be reduced, for each subclass of real property and for personal property, to yield revenues no greater than half of the amount of revenues generated by such levy during the prior fiscal year.

(c) On or after January 1, 2023, the budget may be adopted in the manner provided by charter and ordinance, except as otherwise provided in this section. The amounts appropriated and the taxes, licenses, fees, and special assessments levied or imposed in support thereof for the current fiscal year shall be deemed appropriated and levied or imposed for the ensuing fiscal year on a month-to-month basis, with all items prorated accordingly, until such time as the metropolitan council does adopt the budget. The mayor may object to one or more items or portions of items of appropriation, other than an appropriation for the payment of principal and interest on financing obligations, in any ordinance presented, and such items or portions of items shall not take effect unless separately reconsidered and adopted by the metropolitan council with two-thirds of all members voting in the affirmative, the objections of the mayor notwithstanding.

(d) Following adoption of the annual budget, the mayor may control the rate at which any appropriation is expended by allotment, may reduce expenditures below appropriations whenever the actual revenues are less than the revenues upon which the appropriations were based, and may transfer appropriations to ensure the proper and efficient administration of the metropolitan city, provided that the mayor shall not reduce any appropriation for the payment of principal and interest on financing obligations. If recommended by the mayor, the metropolitan council may by ordinance make supplemental or emergency appropriations from available funds during the fiscal year.

(8)(a) Not later than sixty days prior to each fiscal year, beginning with the fiscal year beginning January 1, 2024, the mayor shall recommend to the metropolitan council a balanced budget, which shall provide a complete financial plan for the metropolitan city for the ensuing fiscal year and shall include proposed tax rates, all estimated income and revenue, all proposed expenditures, and such other matters as may be necessary or advisable.

(b) The metropolitan city shall annually set the rate of any property tax or special assessment of the metropolitan city, including any property tax or special assessment of the metropolitan city levied solely within the territory of a municipal district, in the manner provided in this constitution and by law, except that the property tax levy of the metropolitan city for general county purposes levied solely within the territory heretofore in the county of St. Louis shall be levied throughout the territory of the metropolitan city, for each subclass of real property and for personal property, and shall be in place of the corresponding property tax levy of the metropolitan city for general county purposes levied solely within the territory heretofore in the city of St. Louis.

(c) The budget may be adopted in the manner provided by charter and ordinance, except as otherwise provided in this section. The amounts appropriated and the taxes, licenses, fees, and special assessments levied or imposed in support thereof for the current fiscal year shall be deemed appropriated and levied or imposed for the ensuing fiscal year on a month-to-month basis, with all items prorated accordingly, until such time as the metropolitan council does adopt the budget. The mayor may object to one or more items or portions of items of appropriation, other than an appropriation for the payment of principal and interest on financing obligations, in

any ordinance presented, and such items or portions of items shall not take effect unless separately reconsidered and adopted by the metropolitan council with two-thirds of all members voting in the affirmative, the objections of the mayor notwithstanding.

(d) Following adoption of the annual budget, the mayor may control the rate at which any appropriation is expended by allotment, may reduce expenditures below appropriations whenever the actual revenues are less than the revenues upon which the appropriations were based, and may transfer appropriations within any department of the budget to ensure the proper and efficient administration of the metropolitan city, provided that the mayor shall not reduce any appropriation for the payment of principal and interest on financing obligations. If recommended by the mayor, the metropolitan council may by ordinance make supplemental or emergency appropriations from available funds during the fiscal year.

6. The St. Louis Fire Protection District.

(1)(a) Notwithstanding any provision of law or this constitution, on January 1, 2023, there is hereby established a fire protection district, coextensive with the boundaries of the territory heretofore in the city of St. Louis, to exercise the powers, privileges, duties, and functions now vested or in the future granted to a fire protection district pursuant to chapter 321 of the revised statutes of Missouri, with its name "The St. Louis Fire Protection District." Such fire protection district shall be a political subdivision, municipal corporation, and a body corporate and politic, providing fire protection, emergency medical, and related services authorized by law for a fire protection district.

(b) The fire protection district shall be governed by a board of directors with the powers, privileges, duties, and functions now or in the future granted by law to such boards. The initial board shall be comprised of five qualified voters appointed by the transition mayor, with three directors appointed for terms of three years and two appointed for terms of two years. Thereafter, members shall be elected to terms as provided by law for a fire protection district and serve until successors are duly elected and qualified in the manner provided by law for a fire protection district.

(c) Except as otherwise provided in this section, any property, contracts, records, and personnel related to the provision of fire protection, emergency medical, and related services within the territory heretofore in the city of St. Louis shall be transferred to the fire protection district. Any employee so transferred who has completed the training and instruction requirements applicable within the territory of the city of St. Louis shall be deemed as having completed the training and instruction requirements applicable to the territory of the metropolitan city.

(2)(a) For the fiscal year beginning January 1, 2023, the board shall certify to the metropolitan city the amount necessary to be raised by taxation and, with other revenues, to support the fire protection district, and shall certify the rate of levy which, when levied upon taxable property within the district as shown by the last completed assessment, shall raise the amount of revenues necessary to be raised by taxation. During the fiscal year beginning January 1, 2023, the metropolitan city shall distribute to the fire protection district, from funds generated solely within the territory heretofore in the city of St. Louis, the amount of revenues necessary to be raised by taxation so certified by the board. In addition to such distribution, during such fiscal year, the metropolitan city may, by ordinance, make appropriations to the fire protection district from funds generated solely within the territory heretofore in the city of St. Louis.

(b) Notwithstanding any provision of law or this constitution, effective for the fiscal year beginning January 1, 2024, the board is hereby authorized to levy, on all taxable property within

the territory of the district, a tax sufficient to produce from all taxable property, exclusive of new construction and improvements, substantially the same amount of revenue certified by the board as necessary to be raised by taxation for the prior fiscal year, subject to voter approval as required by this constitution. Upon such levy, the metropolitan city shall adjust the rates of taxes, licenses, and fees levied or imposed by the metropolitan city within the fire protection district, other than a tax, license, or fee levied for the satisfaction of any outstanding financing obligation, so to reduce the revenues generated overall thereby by substantially the same amount of revenues generated by the levy of the fire protection district.

(c) For each year beginning on or after January 1, 2025, the board shall determine the amount necessary to be raised by taxation and, with other revenues, to support the fire protection district, and shall set the rate of tax on all taxable property within the territory of the district to raise the amount required, in the manner provided by law and this constitution for a fire protection district. The board may fix an additional rate and may levy an additional tax for the purposes and in the manner authorized by law for a fire protection district.

(d) Until such time as the board has levied a tax authorized herein, the metropolitan city shall distribute funds annually to the fire protection district in the manner provided herein for the fiscal year beginning January 1, 2023.

(3) The fire protection district may assume any outstanding obligations related to the services to be provided by the district within the territory heretofore in the city of St. Louis, including, without limitation, the payment of principal and interest on financing obligations, and any obligations related to employee benefits, including, without limitation, pension, retirement, disability, death, medical, life insurance, and similar benefits for employees, eligible dependents, and beneficiaries, provided that no such assumption shall impair any obligation of contract. The board shall make provision for the payment of principal, interest, and other amounts required to be paid on any outstanding financing obligation so assumed by levy of a sufficient tax within the district in the manner authorized by law for a fire protection district.

7. Elections.

(1)(a) Following the effective date of this section, the general assembly shall provide by law for a board of election commissioners or other election authority to perform such duties and possess such powers as provided by law with respect to the conduct of elections within the metropolitan city. Until such time as the general assembly has provided for a board of election commissioners or other election authority, the respective boards of election commissioners shall cooperate in the performance of the duties provided by law for a board of election commissioners in the conduct of elections within the metropolitan city.

(b) Following the effective date of this section, the general assembly shall provide for party committees of the metropolitan city organized in the manner and to perform such duties provided by law for county party committees. Until such time as the general assembly has provided for such party committees, the respective party committees shall cooperate in the performance of duties provided by law for county party committees.

(2)(a) Notwithstanding any provision of law or this constitution, during the transition period, neither the metropolitan city nor any municipal district thereof shall have the power to submit any question to voters with respect to the continued levy or imposition of any tax initially levied or imposed by a municipality prior to the effective date of this section. Upon the failure to submit any question to voters with respect to the continued imposition or levy of any tax on earnings, such tax shall be reduced in the manner provided by law, and any tax on payroll expense initially levied or imposed by a municipality prior to the effective date of this section

shall be reduced by one-twentieth of one percent annually until such tax is eliminated. Notwithstanding any provision of law or this constitution and notwithstanding any reduction of such levies, the St. Louis Municipal Corporation shall satisfy any outstanding financing obligations from available revenues, and the metropolitan city shall distribute to the St. Louis Municipal Corporation, from revenues generated within the territory of the St. Louis Municipal Corporation, such revenues as may be required for the satisfaction of any such outstanding financing obligation.

(b) Notwithstanding any provision of law or this constitution, in the event of the death, resignation, or inability to serve of both persons designated by this section to serve in the offices of mayor and transition mayor prior to the effective date of this section, the prosecuting attorney of the metropolitan city and the assessor of the metropolitan city shall jointly possess and exercise the powers and duties of the office of mayor and transition mayor, and shall jointly act as the chief executive officer of the metropolitan city until such time as a mayor is elected by the qualified voters of the metropolitan city at the general municipal election in 2021 and has assumed office ten days thereafter. Notwithstanding any provision of this section, the mayor so elected shall constitute the chief executive officer of the metropolitan city and shall exercise and perform any power, duty, or function otherwise to be jointly exercised by the mayor and the transition mayor during the transition period and shall exercise and perform any power, duty, or function of mayor until January 1, 2023, when a successor elected at the general election in 2022 is duly serving. Except for the election of the mayor as provided in this paragraph, during the transition period, neither the metropolitan city nor any municipal district thereof shall have the power to call an election or to submit any question to voters with respect to any other office of the metropolitan city or of any municipal district.

(c) Nothing herein shall be construed to prevent a school district, fire protection district, or special district from submitting any question to voters, and the costs of submitting such shall be borne according to law.

8. Judicial Circuit Boundaries.

(1) Notwithstanding any provision of law or this constitution, upon the effective date of this section, the judicial conference of the state of Missouri, as established by law, is hereby authorized to submit a circuit realignment plan, in the manner provided by section 478.073 of the revised statutes of Missouri, for the alteration of the geographical boundaries of the judicial circuits to create a single judicial circuit for the metropolitan city, provided that no judge shall be removed from office during his or her term by reason of any alteration of the geographical boundaries of any judicial circuit. Such plan shall become effective January first of the year following the session of the general assembly to which it is submitted, unless a bill providing such is presented to the governor and is duly enacted. Nothing herein shall be construed to prohibit the general assembly from providing by law for the alteration of the geographical boundaries of the judicial circuits as authorized by this constitution.

(2) Notwithstanding any provision of law or this constitution, the judges of the circuit courts for the city of St. Louis and for the county of St. Louis shall continue as judges of any judicial circuit for the metropolitan city, and the number of judges for any such circuit shall be the number authorized by law for both circuits as of the effective date of this section, unless subsequently modified in the manner provided by law.

(3) Whenever a vacancy shall occur in the office of circuit judge or associate circuit judge of a circuit court within the metropolitan city, the vacancy shall be filled in the manner provided by article V, sections 25(a)-(g) of this constitution.

9. Special Districts.

(1)(a) Notwithstanding any provision of law or this constitution, upon the effective date of this section, all special districts and any provisions of this constitution or the laws of this state pertaining thereto, shall continue unaffected, and all special districts shall continue to exercise all powers, privileges, duties, and functions authorized as of the effective date of this section, except that any power to appoint, nominate, or recommend an appointment to the governing body of a special district possessed by any official of the county of St. Louis or of a municipality immediately prior to the effective date of this section shall be exercised by the mayor, and any other power related to a special district possessed by the county of St. Louis or by a municipality immediately prior to the effective date of this section shall be exercised by the metropolitan city, unless otherwise provided by law or pursuant thereto following the effective date of this section.

(b) Nothing herein shall be construed to prohibit the general assembly from providing by law for the consolidation of special districts made duplicative by the adoption of this section, provided that no such consolidation shall impair any obligation of contract.

10. School Districts and Fire Protection Districts.

(1) Notwithstanding any provision of law or this constitution, nothing herein shall be construed as affecting any school district or school, or any provisions of this constitution or the laws of this state pertaining thereto, and such laws and constitutional provisions shall continue in operation with respect to such school district or school, as if the reorganization adopted pursuant to this section had not occurred, including, without limitation, any law that constitutes the territorial boundaries of any school district based on the territorial boundaries of any municipality.

(2) Notwithstanding any provision of law or this constitution, nothing herein shall be construed as affecting any fire protection district located wholly or partially within the territory in the city of St. Louis or the county of St. Louis immediately prior to the effective date of this section, or any provisions of this constitution or the laws of this state pertaining thereto, and such laws and constitutional provisions shall continue in operation with respect to such fire protection district, as if the reorganization adopted pursuant to this section had not occurred.

11. General Provisions.

(1)(a) Nothing in this section shall be construed to impair any obligation of contract, and the provisions of this section shall be administered so as to preserve and protect any vested rights therein. Any conflict in the provisions of contracts, bonds, franchises, deeds, obligations, and instruments shall be resolved in a manner that shall protect and preserve any vested rights and shall not impair the rights of any parties thereto.

(b) No action shall be taken to impair any contract with or any claim in favor of or against the county of St. Louis or any municipality in existence immediately prior to the effective date of this section or to impair or affect the validity of any outstanding obligation of any kind incurred prior to the effective date of this section.

(c) All actions, causes of action, rights, duties, titles, claims, debts, judgments, recognizances, fines, penalties, forfeitures, and obligations of any kind in favor of or against the county of St. Louis or any municipality as of the effective date of this section shall continue in full force and effect in favor of or against the metropolitan city or a municipal district, as the case may be.

(d) Except as otherwise provided in this section, all matters pending before or under consideration by the county of St. Louis or any municipality immediately prior to the effective

date of this section may be acted upon and disposed of as if originated, initiated, or introduced with the metropolitan city or a municipal district, as the case may be.

(e) Notwithstanding any provision of law or this constitution, if the requisite vote of the electors of the county of St. Louis or of any municipality shall have occurred with respect to the issuance of financing obligations prior to the effective date of this section, the metropolitan city or a municipal district, as the case may be, shall have the right to take any and all steps necessary to issue the same, with the same effect as if such actions had been taken by the metropolitan city or a municipal district and as if the vote had been of the requisite vote of the electors of the metropolitan city or the municipal district, as the case may be.

(2)(a) Any employee transferred to the metropolitan city pursuant to this section shall be entitled to continue in service with the metropolitan city, with seniority, rank, compensation, and accrued benefits intact, until otherwise provided by ordinance or order of the metropolitan city. Any rights, protections, and privileges attributed to any such employee by a civil service or similar system shall continue unimpaired with respect to any such employee in a corresponding civil service or similar system of the metropolitan city. Notwithstanding any other provision of this subsection or law, any employee transferred to the metropolitan city pursuant to this section who was serving as chief, director, commissioner, or similar rank or position as the head of a department or office of a municipality, or any employee who was serving as assistant chief, deputy director, or similar rank or position immediately subordinate to the head of such department or office, shall be entitled to continue in service with the metropolitan city as provided in this subsection, but shall not be entitled to the rank or position as the head of a department or office of the metropolitan city or the immediate subordinate to the head of a department or office of the metropolitan city.

(b) Any employee transferred to the St. Louis Fire Protection District pursuant to this section shall be entitled to continue in service with the St. Louis Fire Protection District, with seniority, rank, compensation, and accrued benefits intact, until otherwise provided by the St. Louis Fire Protection District. Any rights, protections, and privileges attributed to any such employee by a civil service or similar system shall continue unimpaired with respect to any such employee in a corresponding civil service or similar system of the St. Louis Fire Protection District.

(c) Unless otherwise provided by ordinance of the metropolitan city following the transition period, any employee of the metropolitan city previously employed by the county of St. Louis or any municipality, other than the city of St. Louis, who is not a resident of the territory heretofore within the city of St. Louis and who became an employee of the metropolitan city as a result of the adoption of this section, shall be entitled to receive annually from the metropolitan city a refundable tax credit in an amount equal to the amount of taxation collected by the metropolitan city upon the earnings of such employee.

(3)(a) All collective bargaining agreements under negotiation or in existence with the county of St. Louis or any municipality immediately prior to the effective date of this section shall, if being negotiated, continue to be negotiated and, if in existence, continue in effect until the expiration of the terms of such agreements, at which time new agreements shall be negotiated with the metropolitan city, municipal district, or the St. Louis Fire Protection District, as the case may be; provided that, upon the metropolitan city assuming the provision of a general district service, the metropolitan city shall be the sole successor to any existing collective bargaining agreement in effect immediately prior to the effective date of this section between a recognized or certified majority collective bargaining representative and the county of St. Louis or the city

of St. Louis related to such general district service. The metropolitan city shall continue to recognize and bargain in good faith with such collective bargaining representatives and shall abide by the terms of any collective bargaining agreement then in effect.

(b) Should the adoption of this section result in the merger of one or more collective bargaining units with another such unit represented by recognized or certified collective bargaining representatives, any disputes concerning such merger with respect to collective bargaining agreements with the city of St. Louis or the county of St. Louis relating to the provision of a general district service assumed by the metropolitan city, including the status of a representative or conflicts between agreements, that cannot be resolved through negotiations shall be submitted to interest arbitration, which shall bind all required parties and which shall be conducted by an experienced labor interest arbitrator mutually selected by the metropolitan city and the affected collective bargaining representatives.

(c) Nothing herein shall be construed to affect, limit, or impair the rights of employees to organize and bargain collectively as provided in article I, section 29 of this constitution, and the provisions of this section shall be construed in harmony therewith.

(4)(a) Nothing herein shall deprive any person of any vested, non-forfeitable, and contractual right or privilege to retire or to retirement or pension benefits, including, without limitation, disability and death benefits, if any, earned prior to the effective date of this section in any retirement fund or pension system related to employment with the county of St. Louis or a municipality, including, without limitation, any retirement system created pursuant to Chapter 86 of the revised statutes of Missouri. All vested, non-forfeitable, and contractual rights, protections, and privileges of employees, eligible dependents, and beneficiaries in any retirement fund or pension system related to employment with the county of St. Louis or a municipality as of the effective date of this section, including, without limitation, any retirement system created pursuant to Chapter 86 of the revised statutes of Missouri, shall continue unimpaired until all benefits due such employees, eligible dependents, and beneficiaries have been paid.

(b) Employee members of a retirement fund or pension system, including, without limitation, any retirement system created pursuant to Chapter 86 of the revised statutes of Missouri, who are transferred to the metropolitan city or to the St. Louis Fire Protection District pursuant to this section shall remain members of and continue to earn service credit toward the benefits of such retirement fund or pension system, including, without limitation, disability and death benefits, during their employment with the metropolitan city. The metropolitan city or the St. Louis Fire Protection District, as the case may be, shall contribute proportionately to any such retirement fund or pension system for each such employee member with respect to their employment with the metropolitan city or the St. Louis Fire Protection District as required by law or ordinance, but any contribution or portion thereof attributed to benefits accrued prior to the transfer of such employee to the metropolitan city or to the St. Louis Fire Protection District shall remain an outstanding obligation satisfied solely from funds generated within the territory in which such obligation was incurred as provided in this section, provided that the St. Louis Fire Protection District may assume any such obligation for employees transferred to the district as provided in this section. The metropolitan city, municipal districts, and the St. Louis Municipal Corporation may purchase from an insurance company in accordance with federal fiduciary standards under the Employment Retirement Income Security Act of 1974 or its successor laws, annuities to provide for such retirement or pension benefits as necessary.

(c) Notwithstanding any provision of law or this constitution, the members of the board of trustees or similar governing body for any retirement fund or pension system created prior to

the effective date of this section shall continue to hold office until a successor is appointed and serving. The successor for such members who are office holders of a municipality shall be the assessor of the metropolitan city, and the successor for such members who were required to be appointed by any official of a municipality prior to the effective date of this section shall be appointed by the mayor.

(d) Nothing herein shall be construed to prohibit the general assembly from providing by law for the modification of any pension or retirement system created pursuant to state law, including, without limitation, any retirement system created pursuant to Chapter 86 of the revised statutes of Missouri, or to prohibit the metropolitan city from providing by charter or ordinance for the modification of any pension or retirement system created by charter or ordinance of a municipality or the county of St. Louis prior to the effective date of this section.

(5) Notwithstanding any provision of law or this constitution, a geographic or other designation in law or this constitution based upon the territorial boundaries of the county of St. Louis or of any municipality may continue to be construed as the territorial boundaries of the county of St. Louis or the municipality, as the case may be, as such boundaries existed immediately prior to the effective date of this section.

(6) Notwithstanding any provision of law or this constitution, any city, town, or village located partially but not wholly within the territory of the metropolitan city shall remain unaffected by this section, except that its territory located within the metropolitan city shall be detached and annexed to the metropolitan city upon the effective date of this section. The metropolitan city shall distribute annually to such city, town, or village, funds in an amount equal to the revenues generated within the former territory of such city, town, or village and that would have otherwise been received if the reorganization adopted pursuant to this section had not occurred, until otherwise provided by law. Notwithstanding any provision of law or this constitution, any municipal district with territory outside of the metropolitan city may continue providing or securing the provision of municipal district services within such territory, and the metropolitan city may provide or secure the provision of general district services within such territory, until otherwise provided by law.

(7) Notwithstanding any provision of this section, any charter provision in effect immediately prior to the effective date of this section requiring a public vote related to the sale, lease, or disposition of any real estate designated as a public park shall continue to apply to the territory to which it applied immediately prior to the effective date of this section, until amended in the manner provided in this section for amending the charter of the metropolitan city.

(8) The general assembly may enact such laws as may be necessary and proper to aid in effectuating this section and may regulate the metropolitan city to the same extent and in the same manner as a constitutional charter county or a constitutional charter city.

12. Severability.

(1) The provisions of this section are severable, and if any portion, subsection, sentence, clause, or phrase of this section, or an application thereof to any person or circumstance, is held to be invalid, the remaining portions, subsections, sentences, clauses and phrases, and the application of the section and its provisions to other persons and circumstances, shall not be affected, but shall remain in full force and effect.

[Section 30(a). The people of the city of St. Louis and the people of the county of St. Louis shall have power (1) to consolidate the territories and governments of the city and county into one political subdivision under the municipal government of the city of St. Louis; or, (2) to extend

the territorial boundaries of the county so as to embrace the territory within the city and to reorganize and consolidate the county governments of the city and county, and adjust their relations as thus united, and thereafter the city may extend its limits in the manner provided by law for other cities; or, (3) to enlarge the present or future limits of the city by annexing thereto part of the territory of the county, and to confer upon the city exclusive jurisdiction of the territory so annexed to the city; or, (4) to establish a metropolitan district or districts for the functional administration of services common to the area included therein; or, (5) to formulate and adopt any other plan for the partial or complete government of all or any part of the city and the county. The power so given shall be exercised by the vote of the people of the city and county upon a plan prepared by a board of freeholders consisting of nineteen members, nine of whom shall be electors of the city and nine electors of the county and one an elector of some other county. Upon the filing with the officials in general charge of elections in the city of a petition proposing the exercise of the powers hereby granted, signed by registered voters of the city in such number as shall equal three percent of the total vote cast in the city at the last general election for governor, and the certification thereof by the election officials to the mayor, and to the governor, then, within ten days after the certification the mayor shall, with the approval of a majority of the board of aldermen, appoint the city's nine members of the board, not more than five of whom shall be members of or affiliated with the same political party. Each member so appointed shall be given a certificate certifying his appointment signed by the mayor and attested by the seal of the city. Upon the filing with the officials in general charge of elections in the county of a similar petition signed by registered voters of the county, in such number as shall equal three percent of the total vote cast in the county at the last general election for governor, and the certification thereof by the county election officials to the county supervisor of the county and to the governor, within ten days after the certification, the county supervisor shall, with the approval of a majority of the county council, appoint the county's nine members of the board, not more than five of whom shall be members of or affiliated with the same political party. Each member so appointed shall be given a certificate of his appointment signed by the county supervisor and attested by the seal of the county.]

[Section 30(b). Upon certification of the filing of such similar petitions by the officials in general charge of elections of the city and the county, the governor shall appoint one member of the board who shall be a resident of the state, but shall not reside in either the city or the county, who shall be given a certificate of his appointment signed by the governor and attested by the seal of the state. The freeholders of the city and county shall fix reasonable compensation and expenses for the freeholder appointed by the governor and the cost shall be paid equally by the city and county. The appointment of the board shall be completed within thirty days after the certification of the filing of the petition, and at ten o'clock on the second Monday after their appointment the members of the board shall meet in the chamber of the board of aldermen in the city hall of the city and shall proceed with the discharge of their duties, and shall meet at such other times and places as shall be agreed upon. On the death, resignation or inability of any member of the board to serve, the appointing authority shall select the successor. The board shall prepare and propose a plan for the execution of the powers herein granted and for the adjustment of all matters and issues arising thereunder. The members of the board shall receive no compensation for their services as members, but the necessary expenses of the board shall be paid one-half by the county and one-half by the city on vouchers signed by the chairman of the board. The plan shall be signed in duplicate by the board or a majority thereof, and one copy shall be returned to the

officials having general charge of elections in the city, and the other to such officials in the county, within one year after the appointment of the board. Said election officials shall cause separate elections to be held in the city and county, on the day fixed by the freeholders, at which the plan shall be submitted to the qualified voters of the city and county separately. The elections shall not be less than ninety days after the filing of the plan with said officials, and not on or within seventy days of any state or county primary or general election day in the city or county. The plan shall provide for the assessment and taxation of real estate in accordance with the use to which it is being put at the time of the assessment, whether agricultural, industrial or other use, giving due regard to the other provisions of this constitution. If a majority of the qualified electors of the city voting thereon, and a majority of the qualified electors of the county voting thereon at the separate elections shall vote for the plan, then, at such time as shall be prescribed therein, the same shall become the organic law of the territory therein defined, and shall take the place of and supersede all laws, charter provisions and ordinances inconsistent therewith relating to said territory. If the plan be adopted, copies thereof, certified to by said election officials of the city and county, shall be deposited in the office of the secretary of state and recorded in the office of the recorder of deeds for the city, and in the office of the recorder of deeds of the present county, and the courts of this state shall take judicial notice thereof.]

[Section 31. The city of St. Louis, as now existing, is recognized both as a city and as a county unless otherwise changed in accordance with the provisions of this constitution. As a city it shall continue for city purposes with its present charter, subject to changes and amendments provided by the constitution or by law, and with the powers, organization, rights and privileges permitted by this constitution or by law. As a county, it shall not be required to adopt a county charter but may, except for the office of circuit attorney, amend or revise its present charter to provide for the number, kinds, manner of selection, terms of office and salaries of its county officers, and for the exercise of all powers and duties of counties and county officers prescribed by the constitution and laws of the state.]

[Section 32(a). The charter of the city of St. Louis now existing, or as hereafter amended or revised, may be amended or revised for city or county purposes from time to time by proposals therefor submitted by the lawmaking body of the city to the qualified voters thereof, at a general or special election held at least sixty days after the publication of such proposals, and accepted by three-fifths of the qualified electors voting for or against each of said amendments or revisions so submitted.]

[Section 32(b). In the event of any amendment or revision of the charter of the city of St. Louis which shall reorganize any county office and/or transfer any or all of the duties, powers and functions of any county officer who is then in office, the officer shall serve out the remainder of his or her term, and the amendment or revision of the charter of the city of St. Louis shall take effect, as to such office, upon the expiration of the term of such office holder. In the event of any amendment or revision of the charter of the city of St. Louis which shall reorganize any county office and/or transfer any or all of the duties, powers and functions of any county officer, all of the staff of such office shall be afforded the opportunity to become employees of the city of St. Louis with their individual seniority and compensation unaffected and on such other comparable terms and conditions as may be fair and equitable.]

[Section 32(c). An amendment or revision adopted pursuant to section 32(a) of this article shall not deprive any person of any right or privilege to retire and to retirement benefits, if any, to which he or she was entitled immediately prior to the effective date of that amendment or revision.]

[Section 33. Copies of any new or revised charter of the city of St. Louis or of any amendments to the present, or to any new or revised charter, with a certificate thereto appended, signed by the chief executive and authenticated by the seal of the city, setting forth the submission to and ratification thereof, by the qualified voters of the city shall be made in duplicate, one of which shall be deposited in the office of the secretary of state, and the other, after being recorded in the office of the recorder of deeds of the city, shall be deposited among the archives of the city, and thereafter all courts of this state shall take judicial notice thereof.]

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-054)

Subject

Initiative petition from Christopher Pieper regarding a proposed constitutional amendment to Article VI. (Received March 26, 2019)

Date

April 15, 2019

Description

This proposal would amend Article VI of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue**, the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Harris-Stowe State University, State Tax Commission, The Metropolitan Police Department - City of St. Louis, St. Louis County Board of Elections, Board of Election Commissioners City of St. Louis, Metropolitan Zoological Park and Museum District, Missouri Municipal League, Municipal League of Metro St. Louis,** the **City of Affton,** the **City of Ballwin,** the **City of**

Bellefontaine Neighbors, the **City of Berkeley,** the **City of Brentwood,** the **City of Bridgeton,** the **City of Chesterfield,** the **City of Clayton,** the **City of Crestwood,** the **City of Creve Coeur,** the **City of Des Peres,** the **City of Eureka,** the **City of Ferguson,** the **City of Florissant,** the **City of Hazelwood,** the **City of Jennings,** the **City of Kirkwood,** the **City of Manchester,** the **City of Maryland Heights,** the **City of Overland,** the **City of Pacific,** the **City of Richmond Heights,** the **City of St. Ann,** the **City of Town and Country,** the **City of University City,** the **City of Webster Groves,** and the **City of Wildwood.**

Matthew A. Jacober, Partner with Lathrop Gage LLP provided information to the State Auditor's office.

Christopher R. Pieper on behalf of Unite STL provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact as a result of the proposed petition.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated they report no fiscal impact for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact to their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated there is no impact to their department in regards to this initiative petition.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition is not anticipated to have a fiscal impact on their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal amends Article VI of the Missouri Constitution by repealing Sections 30(a), 30(b), 31, 32(a), 32(b), 32(c), and 33 and adopting a new Section 30 which would merge St. Louis City and St. Louis County into one Metropolitan City.

Article VI, Section 30.4(3)(b)
This section would allow the metropolitan city to levy a tax, license, fee, or special assessment solely within the St. Louis Municipal Corporation. Budget and Planning (B&P) notes that if a sales tax is levied, General Revenue could be increased through the 1% Department of Revenue collection fee.

Article VI, Section 30.5(2)(a)
This section clarifies that any taxing structure and tax rate in effect immediately prior to the effective date of this section (January 1, 2021) shall remain in effect until modified by the metropolitan city. In addition, all taxes, fees, and special assessments levied or imposed by St. Louis County or a municipality shall continue as a tax, fee, or special assessment. Therefore, B&P estimates that this provision will not impact state or local revenues.

Article VI, Section 30.5(3)
This section would allow the metropolitan city to levy a tax, license, fee, or special assessment solely within the territory of a municipal district upon voter approval. B&P notes that if a sales tax is levied, General Revenue could be increased through the 1% Department of Revenue collection fee.

Article VI, Section 30.5(7)(b)
This section states that the rate of property tax levied for general county purposes within St. Louis County shall be reduced to yield revenues no greater than half of the amount generated during the prior fiscal year. B&P notes that it is unclear whether this reduction would occur once or every year until the property tax in St. Louis County was abolished. B&P further notes that it is unclear in what tax year the reduction would begin. Section 30 would be enacted January 1, 2021; however, Section 30.5(7)(a) references November 15, 2022 and Section 30.5(7)(c) references January 1, 2023. Therefore, B&P cannot determine whether the property tax reduction would begin January 1, 2021, January 1, 2022, or January 1, 2023. B&P notes that abolishing the property tax for St. Louis County could have a significant negative impact on the revenues available for the newly created metropolitan city.

Section 30.5(7)(b) would only impact the property tax rate and not the assessed valuations of property; therefore, B&P estimates that the Blind Pension Trust Fund (which receives $0.03 per $100 of assessed valuation) will not be impacted.

Article VI, Section 30.5(8)(b)
This section would apply the lowered property tax rate (Section 30.5(7)(b)) of St. Louis County to all property located within St. Louis City. B&P notes that the property tax reduction language in Section 30.5(7)(b) is unclear as to how many reductions should occur. If the property tax rate under Section 30.5(7)(b) is to be decreased until no such property tax exists, then the property tax rate under this section will also decrease until no such tax is levied. B&P notes that this could have a significant negative impact on the revenues available for the newly created metropolitan city. B&P further notes that it is unclear in what tax year the new property tax would begin. Section 30 would be enacted January 1, 2021; however, Section 30.5(8)(a) references January 1, 2024. Therefore, B&P cannot determine whether the property tax reduction would begin January 1, 2021, January 1, 2024, or at the same time as the rate reduction in Section 30.5(7)(b).

Section 30.5(8)(b) would only impact the property tax rate and not the assessed valuations of property; therefore, B&P estimates that the Blind Pension Trust Fund (which receives $0.03 per $100 of assessed valuation) will not be impacted.

Article VI, Section 30.6(2)
Beginning January 1, 2023 Section 30.6(2)(a) allows the metropolitan city to levy a property tax to support the newly created fire protection district.

Beginning January 1, 2024 Section 30.6(2)(b) requires the metropolitan city to lower the rates of other taxes, licenses, and fees levied within the fire protection district to offset the

amount of revenue generated from the property tax created in Section 30.6(2)(a). B&P notes that if sales taxes are reduced as part of this adjustment, General Revenue could be reduced through the 1% Department of Revenue collection fee.

This section would allow the metropolitan city to levy an additional tax for the fire protection district. B&P notes that it is unclear as to what additional tax may be levied and whether additional refers only to an extra property tax levy or the use of other types of taxes. B&P notes that depending on the definition of "additional" the metropolitan city could levy a sales tax for the fire protection district. If the metropolitan district chooses to levy a sales tax, B&P notes that General Revenue could be increased through the 1% Department of Revenue collection fee.

Article VI, Section 30.7(2)(a)

This section states that during the transition period, the metropolitan city shall not submit any questions to voters regarding reauthorizations of any tax initially levied prior to January 1, 2021. B&P notes that this section could impact any sales taxes that require reauthorization during the transition period. If such taxes were to expire, this would reduce local revenues. This could reduce General Revenue by $0 to an unknown minimal amount if this provision results in the loss of funds through the Department of Revenue collection fee.

This section also states that upon the failure to submit the reauthorization of any tax on earnings and payroll, the earnings tax shall be reduced in the manner set out in in law and the payroll tax shall be reduced by 1/20th of one percent (or 0.05%) annually until such tax is eliminated. Section 92.125, RSMo, states that the earnings tax shall be reduced by 0.1% annually until the tax is eliminated. B&P notes that the St. Louis City earnings and payroll tax is up for reauthorization in April 2021. Therefore, B&P estimates that the St. Louis City earnings and payroll tax would begin phasing out January 1, 2022 and would be completely eliminated beginning January 1, 2031. B&P notes that nothing prohibits the metropolitan city from authorizing a new earnings and payroll tax after the transition period.

Using data published by St. Louis City[1], B&P determined that the average earnings tax collections from 2013-2017 was $169,061,000 and the average payroll tax collections was $37,977,800. Therefore, B&P estimates that this proposal will reduce metropolitan city revenues by $207.0 million ($169,061,000 + $37,977,800) once fully implemented in tax year 2031. The following two tables show the impact to metropolitan city revenues as the earnings and payroll taxes are phased out.

[1] https://www.stlouis-mo.gov/government/departments/comptroller/documents/current-comprehensive-annual-financial-report.cfm, FY17 CAFR – Table 9

Table 1: Impact from Earnings
Tax Phase-Out by Tax Year

Tax Year	Tax Rate	Metropolitan City Impact
2021	1.0%	$0
2022	0.9%	($16,906,100)
2023	0.8%	($33,812,200)
2024	0.7%	($50,718,300)
2025	0.6%	($67,624,400)
2026	0.5%	($84,530,500)
2027	0.4%	($101,436,600)
2028	0.3%	($118,342,700)
2029	0.2%	($135,248,800)
2030	0.1%	($152,154,900)
2031	0.0%	($169,061,000)

Table 2: Impact from Payroll Tax
Phase-Out by Tax Year

Tax Year	Tax Rate	Metropolitan City Impact
2021	0.50%	$0
2022	0.45%	($3,797,780)
2023	0.40%	($7,595,560)
2024	0.35%	($11,393,340)
2025	0.30%	($15,191,120)
2026	0.25%	($18,988,900)
2027	0.20%	($22,786,680)
2028	0.15%	($26,584,460)
2029	0.10%	($30,382,240)
2030	0.05%	($34,180,020)
2031	0.00%	($37,977,800)

Further, B&P notes that some taxpayers claim the amount of earnings tax paid to St. Louis City in their itemized deductions. Based on information provided by the Department of Revenue, B&P determined that 29% of Missouri taxpayers itemize their deductions. However, B&P notes that with the federal tax changes fewer taxpayers are likely to file itemized deductions, which may lower the actual amount of General Revenue received. B&P notes that currently the top rate of Missouri income tax is scheduled to decrease from 5.4% to 5.1% over a number of years depending on General Revenue growth. Therefore, B&P will show the range of impact from this section on General Revenue with a top tax rate of 5.4% and a top tax rate of 5.1%. Table 3 shows the revenue impact to the metropolitan city and General Revenue from the phase-out of the earnings tax.

Table 3: General Revenue Impact from Earnings/Payroll Tax Phase-Out

Tax Year	Metropolitan City Impact (Earnings Tax)	State Fiscal Year	GR Impact (top tax rate 5.4%)	GR Impact (top tax rate 5.1%)
2022	($16,906,100)	2022	$0	$0
2023	($33,812,200)	2023	$265,000	$250,000
2024	($50,718,300)	2024	$529,000	$500,000
2025	($67,624,400)	2025	$794,000	$750,000
2026	($84,530,500)	2026	$1,059,000	$1,000,000
2027	($101,436,600)	2027	$1,324,000	$1,250,000
2028	($118,342,700)	2028	$1,588,000	$1,500,000
2029	($135,248,800)	2029	$1,853,000	$1,750,000
2030	($152,154,900)	2030	$2,118,000	$2,000,000
2031	($169,061,000)	2031	$2,383,000	$2,250,000
2032	($169,061,000)	2032	$2,647,000	$2,500,000

B&P estimates that this provision may increase General Revenue by $250,000 to $265,000 in state FY 2023. Once fully implemented in state FY 2032, this provision may increase General Revenue by $2.5 million to $2.6 million. B&P notes that the delay in the estimated state impact reflects the lag between a tax year and the annual tax return filing period.

Article VI, Section 30.9

This section states that all special districts shall continue unaffected after January 1, 2021; however, the General Assembly has the ability to consolidate any special districts that have been made duplicative by the merger of St. Louis City and St. Louis County. B&P notes that this could include special taxing districts. The consolidation of special taxing districts could impact local revenues if each district to be consolidated levies a different tax rate. In addition, General Revenue could be impacted by $0 to unknown minimal amount if the amount collected through the Department of Revenue collection fee were to change after consolidation.

Article VI, Section 30.11(2)(c)

This section requires the metropolitan city to provide a refundable tax credit in the amount equal to the amount of earnings taxes paid by a metropolitan city employee who became subject to the city's earning tax as a result of this proposal. Such employee shall not be a resident of St. Louis City. B&P is unable to determine the amount of refundable credits that may have to be paid by the metropolitan city as a result of this section. B&P notes that this section will not directly impact General Revenue, as qualifying employees would not have been subject to the earnings tax without this proposal becoming effective.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated the initiative petition proposes a constitutional amendment to Article VI to modify the current provisions of the Missouri Constitution relating to the consolidation of St. Louis City and St. Louis County.

Upon consolidation of the city and county, the petition also authorizes the judicial conference to submit a circuit realignment plan in the manner provide by section 478.073, RSMo, to create a single circuit for the city and county. A circuit realignment planning process would result in a cost of at least $286,479 for planning, analysis and review, draft recommendations, and analysis.

The combining of two circuit courts into one court has never been estimated since the creation of JIS (Justice Information System) and Show-Me Courts. There are many unknown and potential unforeseen circumstances. There are issues related to data conversion, system configuration, application limitations, application interfaces and procedure modification that would need to be considered. If circuits were combined, it would result in a cost range of at least a minimum of $100,000 to unknown.

These costs will be incurred for the conversion of program based reporting, complete set up of the database, consolidation planning, analysis and combination of court forms, reconciliation of accounts, analysis of court specific developed interfaces, conversion of JIS (Justice Information System), Show-Me Courts and many other unforeseen items.

There may be other costs. However, these will not be known until the conversion.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year (FY) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of

their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **City of St. Louis** indicated:

NICOLE GALLOWAY
MISSOURI STATE AUDITOR
State Capitol Room 121
Jefferson City, MO 65101

Initiative Petition: **20-054**

Date: **4/3/2019**
Local Government: **City of St. Louis**

Short Description: **Proposes the merger of the City of St. Louis with St. Louis County and its municipalities.**

Fiscal Impact:

Whereas the City of St. Louis currently operates as a city not within a county, the proposed initiative petition seeks an amendment to the state constitution that would make the City of St. Louis part of a much larger municipal government encompassing St. Louis county and all its municipalities.

The proposal provides the opportunity for operational savings through significant economies of scale but also eliminates over a ten year period existing major revenue sources in the earnings and payroll tax. A discussion of potential expenditure and revenue considerations of the proposal are discussed below.

<u>Expenditures</u>
Under its current city not within a county status, the City of St. Louis maintains a variety of offices and functions that are typically reserved for county governments. These include court functions, sheriff's office, correctional facilities, assessor, recorder of deeds, board of elections, medical examiner, collector of revenue, license collector and treasurer's offices. The total operating costs of these typical "county" functions totaled nearly $121M in the past fiscal year (FY18). Meanwhile, revenues either generated by these offices or allocated to offset their operating costs for the same period totaled nearly $35M. This left a net annual operating cost of county functions at over $86M . (see attached)
While a large portion of these costs are certain to continue regardless of the City's "county" status, the merger into a larger municipal unit of St. Louis County would provide an opportunity to identify potential redundancies and realize economies of scale between the City of St. Louis and St. Louis County operations with the potential for a significant amount of cost savings. Additional economies of scale will also be found within combinations of the more traditional municipal department operations (e.g. Police, Parks, Streets, etc.)
The City's existing expenditures related to the Fire Department are to be relegated to a Fire Protection district encompassing the existing boundaries of the City. The funding of this district is to be provided by a property tax levy subject to voter approval. If said levy is approved then other "taxes licenses and fees levied" are to be reduced so as to make this substantially revenue neutral.

<u>Revenues - Earnings & Payroll Tax Elimination</u>
The proposed amendment would preclude the City of St. Louis from seeking continued authorization of the 1% Earnings tax. Typically the next authorization vote would be scheduled in 2021, thus the elimination of the Earnings tax at the rate of 10% per year would begin under this proposal beginning in 2022. It also provides for elimination of the 0.5% City Payroll tax along the same schedule. Combined these two sources of revenue less commissions totaled $211.7M in general revenue in FY18. The loss of revenue would increase in increments over

the next ten years by over $21M per year until the entire amount of revenue is eliminated by 2031. Aside from any benefits from any operational savings described above, revenues from other sources would be necessary to make up this difference. (This does not take into account any additional expenditures related to accelerated payments on previous City debt which while not specified in the amendment has been reported as part of the merger plan.)

Revenues - TIF Considerations

In addition to the revenue amounts discussed above, in FY18 a total of $6.5M in Earnings and Payroll taxes were allocated specifically to TIF and other development agreements. Typically these obligations are to be paid solely from a portion of the economic activity taxes generated by the respective project. The proposed amendment leaves open the issue of how these obligations are to be addressed in light of the proposed changes in tax structure.

Prepared By:

Paul W. Payne
City of St. Louis Budget Director
(314) 622-3514

COST OF COUNTY FUNCTIONS IN CITY OF ST. LOUIS

			FY2018
		EXPENDITURES	
Fund		**Circuit Clerk and Court En Banc**	
1010	311	Circuit Court (General)	9,642,162
1217/1220	311	Civil Courts/Carnahan Bldg Debt	1,649,100
1010	320	Juvenile Detention	15,936,261
1217/1220	320	Juvenile Detention Debt	1,556,500
1010	321	Circuit Drug Court	398,599
			29,182,622
		Other Judicial/Correctional Offices	
1010	312	Circuit Attorney	7,001,939
1116	312	Child Support Unit	1,544,505
1116	312	Contingency/Training/Tax Unit	252,096
1120	312	Enhanced Prosecution	201,914
1010	315	Sheriff	8,788,859
1010	632/633	Corrections (MSI & Justice Center)	37,498,915
1217/1220	633	Corrections Lease Debt	10,719,700
			66,007,928
		County Offices & Functions	
1115	180	Assessor	4,285,166
1010	330	Tax Equalization Board	6,572
1010	333	Recorder of Deeds	2,842,168
1010	334	Board of Election Commissioners	2,304,283
1010	335	Medical Examiner	2,063,355
1010	340	Treasurer (a "county" office but w/city role ?)	746,108
			12,247,652
		County Fee Offices (Pro-Rated to City)	
		Collector of Revenue	4,728,000
		License Collector	1,240,000
			5,968,000
		Total Expenditures	**113,406,202**
		COST ALLOCATIONS (Budget)	
		City Wide Accounts	$199,617
		Comptroller City Wide Accounts	340,224
		Facilities Management	3,308,261
		Information Services	1,966,273
		Comptroller's Office	726,196
		Equipment Services	132,002
		Other	1,018,825
		Total Cost Allocations	7,691,398
		(Excl Depreciation & Court Admin Included Above)	
			121,097,600

COST OF COUNTY FUNCTIONS IN CITY OF ST. LOUIS

			FY2018
		REVENUES	
Fund		**Circuit Clerk and Court En Banc**	
1010	310	Circuit Clerk	332,059
1010	311	Circuit Court (General)	42,846
1116		Courthouse Restoration	1,144,993
1010	320	Juvenile Detention	1,959,797
1116		Children Services Fund	353,626
			3,833,321
		Other Judicial Offices	
1010	312	Circuit Attorney	130,603
1116	*312*	Child Support Unit	1,549,397
1116	*312*	Contingency/Training/Tax Unit	263,704
1120	*312*	Pub Sfty Trust - Enhanced Pros.	434,423
1010	*315*	Sheriff	884,564
1010	632/633	Corrections (MSI & CJC incl inmate reimb.)	6,959,015
			10,221,706
		County Offices & Functions	
1115	180	Assessor	2,896,575
1010	333	Recorder of Deeds	2,708,768
1010	334	Board of Election Commissioners	723
1010	335	Medical Examiner	8,847
			5,614,913
		Miscellaneous	
		Property Tax (County Purposes)	14,364,772
		Gasoline Tax (County Portion)	630,000
			14,994,772
		Total Revenues	**34,664,712**
		NET COST OF COUNTY FUNCTIONS	**$86,432,888**

Sources: City of St. Louis Budget Division; general ledger and
Comptroller's Annual Reports - cash basis and 2018 Cost Allocation report

Officials from **Wellsville-Middletown R-1 School District** indicated as a small out-state rural school district, they are unsure how this change will affect their fiscal condition.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact on their college.

Officials from **Harris-Stowe State University** indicated Harris-Stowe State University traces its origin back to 1857 when it was founded by the St. Louis Public Schools as a normal school and thus became the first public teacher education institution west of the Mississippi River and the 12th such institution in the United States. The earliest predecessor of Harris-Stowe State University was a normal school established for white students only by the Public School System of the city of St. Louis. This school was later named Harris Teachers College in honor of William Torrey Harris who had been a Superintendent of Instruction in the St. Louis Public Schools and also a United States Commissioner of Education.

The College began offering in-service education for St. Louis white teachers as early as 1906. In 1920, Harris Teachers College became a four-year undergraduate institution authorized to grant a Bachelor of Arts in Education Degree.

A second predecessor institution was Stowe Teachers College, which began in 1890 as a normal school for future black teachers of elementary schools in the city of St. Louis. This normal school was also founded by the St. Louis Public School System and was an extension of Sumner High School. In 1924, the Sumner Normal School became a four-year institution with authority to grant the baccalaureate degree. In 1929, its name was changed to Stowe Teachers College, in honor of the abolitionist and novelist Harriet Beecher Stowe. These two teacher education institutions were merged by the Board of Education of the St. Louis Public Schools in 1954 as the first of several steps to integrate the public schools of St. Louis. The merged institution retained the name Harris Teachers College.

Later, in response to the many requests from alumni of Stowe Teachers College and members of the greater St. Louis community, the Board of Education agreed to restore to the College's name the word "Stowe" and to drop the word "Teachers." In 1979, the General Assembly of the State of Missouri enacted Senate Bill 703 under which Harris-Stowe College became the newest member of the State system of public higher education. The institution's name was again changed by the addition of the word "State" and became officially known as Harris-Stowe State College. In addition to the name change, the College's baccalaureate degree was changed to Bachelor of Science in Education. In compliance with the new state standards and teacher certification requirements, the College's Teacher Education curriculum was modified and three separate Teacher Education majors were approved: Early Childhood Education, Elementary School Education and Middle School/High School Education.

In 1981, the College received state approval for a new degree program — the Bachelor of Science in Urban Education. This program is the only one of its kind at the undergraduate level in the United States and is designed to prepare non-teaching urban education

specialists who will be effective in solving the many urban-related problems facing today's urban schools. In 1993, the State Governor signed into law Senate Bill 153, which authorized the College to expand its mission in order to address unmet needs of metropolitan St. Louis in various applied professional disciplines. In response to that authority, Harris-Stowe developed two new baccalaureate degree programs:

1. Business Administration, with professional options in Accounting, Management Information Systems, General Business and Marketing;

2. Secondary Teacher Education, with subject-matter options in Biology, English, Mathematics and Social Studies.

Finally, on August 25, 2005, by mandate of the State of Missouri, Harris-Stowe State College obtained university status. Today the University hosts collaborative graduate degree programs with Maryville University, the University of Missouri-St. Louis and Webster University. The University continues to expand, adding new campuses and buildings as part of its 21st-century initiative to offer opportunities for both undergraduate and graduate students seeking a variety of degrees.

Thus, from its beginnings as two normal schools in the mid and late 19th century to its present status as a state institution of public higher education, Harris-Stowe State University and its predecessor institutions have always been in the forefront of teacher education. Now, with its mission expanded to include other professional disciplines, the University will provide greatly needed additional opportunities to metropolitan St. Louisians in other important fields of endeavor. The University will continue its quest for excellence in all of its offerings and strive even more to meet the complex and demanding challenge of preparing students for effective roles in this region's various professions.

Because of this history and the historic nature of the proposed merger of the City and County of St. Louis, Harris-Stowe State University fiscal impact will be enhanced. Since the various school districts will not be a part of this merger, our recruiting in the City of St. Louis and St. Louis County school districts will continue uninterrupted. It may even increase since the City and the County will see itself as one region rather than separate entities which is similar to their history.

Officials from the **State Tax Commission** indicated they have reviewed the initiative petition and determined no fiscal impact. The petition provides the current property tax structure, including levies and distribution, will remain in effect after passage, and until such time as the governing authority modifies the provisions.

Officials from **St. Louis County Board of Elections** indicated they believe under this petition that they would need to purchase new voting equipment and software to cover the city's portion of registered voters. This is an estimated cost of $1-3 million. They estimate that if new equipment for the County's voters would cost roughly $10 million, and the City would add about 30% more voters to the population, the total cost for this new equipment would be anywhere from $1-3 million depending on vendors and bids. This estimate is

based on the fact that the St. Louis County Board of Elections would be the new jurisdiction for City voters.

Officials from **Metropolitan Zoological Park and Museum District** indicated they do not believe it will have a financial impact on the Zoo Museum District.

Officials from the **Municipal League of Metro St. Louis** indicated:

MUNICIPAL LEAGUE
OF METRO ST. LOUIS

LINKING LOCAL COMMUNITIES
STRENGTHENING LOCAL GOVERNMENT

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Cara Spencer
Alderwoman
City of St. Louis

Gerry Welch
Mayor
City of Webster Groves

Pat Kelly
Executive Director

April 1, 2019

The Honorable Nicole Galloway
Missouri State Auditor
State Capitol Building
Jefferson City, Missouri 65101

Re: Fiscal Note – Petition Initiative 2020-054

Dear Ms. Galloway:

The Municipal League of Metro St. Louis represents 80 municipalities including St. Louis City ("the City") and municipalities within St. Louis County ("the Municipalities"). As submitted, Petition Initiative 2020-054 would negatively impact every municipality. The Municipalities, which would become municipal districts, would no longer be political subdivisions of the state but instead would become political subdivisions of the new metropolitan city. The petition gives the new metropolitan city complete authority over the municipal districts, taxes, services, and zoning. It limits the municipal districts' sources of revenue to property and utility taxes and requires the municipal districts to seek voter approval to increase these taxes to cover the loss in sales tax revenue.

Petition Initiative 2020-054 will negatively impact all the Municipalities by reallocating local sales taxes and all revenues associated with municipal operations—such as the courts, police, business licensing, and regulations—to the new metropolitan city. There will also be an uncalculatable loss in real property assessed valuation due to the reduction in level of services. The areas in St. Louis County ("the County") with the highest assessed valuations are serviced by municipalities at the local level, and if this petition is approved, the new metropolitan city will receive the services at the current level of the City and unincorporated areas in the County, which have some of the lowest property values.

While Petition Initiative 2020-054 does redistribute several of the Municipalities' current responsibilities and associated costs to the new metropolitan city, the net result will be a substantial deficit for the remaining municipal operations, which will require either dissolution of the municipal district or substantial increases in real estate or utility taxes. While some reduction in service levels and expenses would occur, the Municipalities would be required to increase property taxes, gross receipts utility taxes, park and recreation fees, and trash services fees to cover the costs of operation that were previously covered by general revenue funds generated by sales tax.

Respectfully, given that Petition Initiative 2020-054 is effectively an amended version of Petition Initiative 2020-042, it bears noting that the fiscal note and fiscal note summary

1034 S. Brentwood Blvd., Suite 410 • Richmond Heights, MO 63117
Phone: (314) 726-4747 • Fax: (314) 726-1520 • www.stlmuni.org • staff@stlmuni.org

prepared by this Office for Petition Initiative 2020-042 contained several legal deficiencies, which may be avoided in drafting a fiscal note and fiscal note summary for this petition. The fiscal note summary proposed by this Office for Initiative 2020-042 was as follows:

> Individual St. Louis County municipalities expect decreased revenues to exceed savings with a total unknown impact. The overall savings for the new metropolitan city is unknown but estimated to be as much as $1 billion annually by 2032. State revenue is estimated to increase between $2.5 million to $7 million annually by 2032.

We believe the first sentence is an accurate statement of the impact of the proposed consolidation on the Municipalities, and the third sentence may be correct and is probably a reasonable estimate. However, the second sentence is unfair and prejudicial for the following reasons:

- The fiscal note summary's reference to the estimated savings to the new metropolitan city is beyond the intended scope of the fiscal note summary. This Office is only authorized to include the anticipated costs and savings to existing state and local governmental entities. *See* § 116.175.3. Under the proposed initiative, the "new metropolitan city" would not be provided with any new taxing or governmental revenue that does not already exist within the City, County, or Municipalities.

- In including the proposed new metropolitan city, the fiscal note summary omits any reference to the other two local governments directly affected by this proposal. This is a direct violation of section 116.175.3, which requires the fiscal note summary to "state the measure's estimated costs and savings, if any, to state or local government entities." The stated purpose of the ballot initiative is to redistribute cost allocations and taxing and governmental revenue between the City, County, and Municipalities. Because an adequate summary of the fiscal impact must include the estimated costs and savings to ***all local government entities***, the fiscal note summary for this initiative petition must include the estimated costs and savings to the City and County.

- Limiting the projected costs and savings of the new metropolitan city to those outside the anticipated period of transition is prejudicial and unfairly favorable to the proponents. *See* § 116.175.3; *see also Hill v. Ashcroft*, 526 S.W.3d 299, 308 (Mo. Ct. App. 2017) (internal quotations and citations omitted). The proposal states with specificity the taxes to be eliminated, that no new taxes are imposed, and how tax collection and the provision of services will be redistributed between the local governments and absorbed by the new metropolitan city. Other actions in the proposal will have a known and reasonably measurable impact, such as the consolidation of functions of the City and County. Based on this existing fact-based information, this Office should be able to provide an objective statement as to the fiscal note as it relates to the period of transition.

- In the same vein, it is prejudicial and unfairly favorable to the proponents to include the proponents' claim that "[t]he overall savings is unknown for the new metropolitan city but estimated to be as much as $1 billion annually by 2032." Read literally, this means the savings could be as little as $1 annually or as much as $1 billion annually. Further, there was no independent validation done, and thus there is no reason that the second part of the sentence could stand alone. Indeed, while the first part of the sentence is accurate, there are multiple reasons for serious doubts about the validity of the claim of $1 billion-dollar annual savings by 2032, including:

    1. Academic studies of city-county consolidations in other parts of the country have rarely found that projected savings occurred, and never at the magnitude of this claim. Projected economy-of-scale savings do not materialize because local government services are labor intensive, and there is no appetite for the consolidated government to either reduce personnel or services.
    2. The projections of systematic reductions in expenditures every year while revenues are increasing defies logic and common sense. Among the questionable assumptions is an expenditure starting point in year one of the consolidated government equal to expenditures in 2017, which is the status quo assumption. The consolidated government revenue assumptions appear to be based on a rate of growth greater than the experience of the last decade.
    3. There also appears to be an assumption that all debt will be quickly eliminated, and there is no provision for future debt associated with essential capital expenditures.

Based on the above analysis, we propose the fiscal note summary be revised to read as follows:

> Total fiscal impact is unknown. St. Louis County municipalities expect decreased revenues to exceed savings. St. Louis City expects provided revenues to equal net costs. St. Louis County expects to have revenue increased to exceed increased cost of services. State revenue expected to increase over $2.5 million annually by 2032.

We urge you to adopt this revised summary to more accurately reflect for voters, especially those across the state who may be unfamiliar with St. Louis issues, an accurate representation of the unknown and problematic savings associated with the proposed consolidation.

Sincerely,

Pat Kelly
Executive Director

Report of the Fiscal Analysis Team on the Better Together Consolidation Plan
Financial Projection: A First Step

Mark Tranel
Terry Jones
Jim Brasfield

April 9, 2019

Executive Summary

Proponents of Better Together's proposed constitutional amendment claim the new Metro City will reduce expenditures by up to $3.2 billion from 2023 to 2032, and create a revenue surplus of $1.7 billion during the period. By adding the two estimated numbers, they claim a ten-year savings of $4.9 billion dollars. By 2032, according to the Better Together projections, there will be yearly budget surpluses in the hundreds of millions of dollars. This is a fantasy. The analysis below projects annual budget deficits in the tens of millions that would require significant cuts in key services, like public safety and public works. That is reality.

This report examines separately the revenue and expenditure claims of the amendment's proponents. The two streams are then compared on a yearly basis. We make no attempt to add annual savings or deficits to produce a ten-year number, because this defies local government budget practice.

Why? If surpluses begin to accumulate, they will not be put in a bank account or buried in the back yard. Service and capital needs will lead to citizen demand for additional expenditures, or taxes will be reduced to return the surplus to voters. If expenditures increase faster than revenues, either new taxes will be proposed or expenditures will be reduced. Neither short-term surpluses nor deficits continue indefinitely. Adding projected yearly surpluses or deficits for a ten-year total is an uninformed fabrication.

Multiple studies of past city-county consolidations have consistently found little or no cost savings after consolidation. Better Together boosters have offered Indianapolis and Louisville as examples of consolidations which produce public services at a lower per capita rate than St. Louis. These differentiations are fraught with problems, because each local environment is different rendering comparison across jurisdictions prone to erroneous conclusions. The best yardstick is the before-and-after comparisons within jurisdictions.

This revenue analysis below examines property and sales tax, since these were the focus of the Better Together fiscal projections. They projected annual property tax increases of 2% per year. Historic assessment trends and the biennial reassessment casts doubt on this revenue assumption. In this report property tax increase is projected based on a 1% increment in reassessment years and .5% in alternative years. This produces $20 to $30 million dollars a year less revenue over the decade.

The Better Together sales tax projection is critical to the revenue base of the proposed Metro City. This report does not dispute the possibility of an annual 1% increase in sales tax predicted by Better Together. However, because the Metro City will rely on sales tax for over 50% of its revenue, there is a danger of serious shortfalls over the decade if that standard is not met. On-line sales, shopping center decline, and economic downturns may cause serious sales tax revenue shortfalls over the decade. This report's more prudent scenario of an annual .5% increase leads to about $20 to $25 million less dollars a year in revenues for Metro City.

Under the plan existing municipal sales taxes would be captured by the Metro City. It is unclear legally whether some of those taxes could be spent for general fund purposes rather than the special function for which they were authorized, further endangering the budget projections.

Finally, the Better Together proposal eliminates the City of St. Louis earnings and payroll taxes and reduces the "county purposes" property tax in both the City and County. By 2032, this translates into a revenue loss of over $250 million annually.

There is a much sharper difference between this analysis and the claims of Better Together proponents with respect to expenditures. They project a decline of 1% per year over the decade with the status quo as the 2023 baseline. However, it appears that this baseline is in fact the level of expenditures for the 2017/18 period, not 2022, meaning the five years of no increases would precede the ten years of annual 1% reductions.

This report projection begins with 2018 and increases spending for all entities (City, County, municipalities) on services through 2022, which produces an almost $200 million-dollar baseline difference. To achieve this realistic projected 2023 baseline starting point would require draconian cuts in the first year of operation of the Metro City.

Better Together claims the annual 1% expenditure reduction claims will be accomplished through employee attrition, service consolidation, and new technology. However, no details are provided. Employee attrition may not occur in expendable positions. Most urban government costs are to provide labor intensive services. Reduction in personnel leads directly to service decline. Unless judges, police officers, or street workers are replaced by robots, it is hard to understand how technology will lead to the level of cost savings projected.

The Better Together expenditure projection also assumes once existing debt is retired, no new debt will be incurred and thus it does not budget any funds for debt service payments. We cannot find any major city in the country with no debt to finance long-term capital projects. It is financial folly to assume that the current buildings and other infrastructure will last forever.

Assumptions matter. If the citizens of the City of St. Louis and St. Louis County want the lower levels of government spending projected by Better Together, they will need to accept massive reductions in services, such as public safety and public works.

Introduction

The Better Together Consolidation Plan Fiscal Note was submitted to the Auditor and Secretary of State of the State of Missouri as part of the process for certifying the constitutional amendment ballot language. In the Fiscal Note and other documents, a number of claims were made relative to the revenue flows, expenditure patterns, and projected savings resulting from the consolidation. A Fiscal Analysis Team (Team) consisting of

Professor Emeritus E. Terrence Jones, University of Missouri- St. Louis
Director Emeritus Mark Tranel, University of Missouri- St. Louis
Professor Emeritus James Brasfield, Webster University

analyzed the fiscal claims, and our conclusions are contained in this report.

The Team consulted several current city managers/finance directors in the process of this academic assessment of the likely financial impact of consolidation on public services and taxes. This report is an initial summary of this analysis. The Team expects to examine in greater detail other elements of the consolidation proposal in the near future.

Since any attempt to examine the path of public spending more than a decade into the future is fraught with uncertainty, we fully expect readers will find issues with our work and conclusions. This is why the subtitle reads, "A First Step". We wish to hear from those who read this first report, and take issue with our methodology or conclusions. We presume there will be a need for future adjustments. Our aspiration is to contribute to the community dialog on this proposal in the coming months and expect that discussion will lead to some modification of our initial conclusions.

This report begins with a review of the substantial academic literature on city-county consolidation. This is followed by an assessment of the pitfalls of attempting to compare revenues and expenditures of cities/counties in different parts of the country. The next section examines the claims of savings asserted by consolidation advocates by analyzing the revenue and expenditure assumptions inherent in the fiscal projections. In the conclusion the Team evaluates the projected consolidation savings and presents the results of its own projections based on a somewhat different set of assumptions.

Academic Studies of City-County Consolidations

Studies of city-county consolidations consistently show that there have been little or no cost savings realized.

After examining nine city-county consolidations in

(Nashville/Davidson County, Tennessee; Virginia Beach/Princess Anne County, Virginia; Jacksonville/Duval County, Florida; Carson City/Ormsby County, Nevada;

Lexington/Fayette County, Kentucky; Butte/Silver Bow County, Idaho; Lynchburg/Moore County, Virginia; Athens/Clarke County, Georgia; Kansas City/Wyandotte County, Kansas),

the study directors conclude "*there is no support for the hypothesis that consolidations predictably lead to increased efficiency in local government*"

Suzanne M. Leland and Kurt Thurmaier, *City-County Consolidations: Promises Made, Promises Kept?*, Georgetown University Press, 2010, pages 282-283.

H.V. Savitch and Ronald Vogel, the leading scholars on the Louisville/Jefferson County (Kentucky) merger, examined the pre-merger (1999/2000 – 2002/2003) and post-merger (2003-2004 to 2008-2009) experience. They found that

> "*in general any reductions in budgets, personnel, and costs have been small (about 1%)*" and that "*the basic pattern has been for expenditures to modestly recede for a short period only to climb back to previous levels*"

(H.V. Savitch, Ronald Vogel, and Lin Ye, "Louisville Transformed but Hardly Changed: A Survey of a City Before and After Merger," in Don Phares, editor, *Governing Metropolitan Regions in the 21st Century*, M.E. Sharpe, 2009, page 174).

Philadelphia completed a full city-county merger in 1952 According to an Allegheny Institute for Public Policy report that also examined Indianapolis and Louisville, the study notes:

> "*Whenever talks centers on city-county mergers, the city that is least likely to come up is Philadelphia. However, it is one of the few complete models in the country. It is more complete than Metro Louisville and Indianapolis in that there are no remaining cities or towns and one consolidated government is providing all functions and services. The reason it is not mentioned is that it has been under a state appointed fiscal oversight board and is beset by high taxes and low economic performance. It does suggest caution against the belief that a large, merged government is necessarily more cost effective.*

(Frank Gamraz and Jake Haulk, *Merging Governments: Lessons from Louisville, Indianapolis, and Philadelphia,* Allegheny Institute for Public Policy, 2005, page 15).

Although the City of Indianapolis merged with Marion County in 1970, the Indianapolis Police Department and the Marion County Sheriff's Department were not consolidated into the single Indianapolis Metropolitan Police Department until 2007. Proponents estimated the annual savings would be $8.8 million. A 2013-2014 study of the police consolidation commissioned by the Indianapolis City-County Council (Unigov) concluded that:

A considerable and diverse set of factors mitigated the ability to achieve the estimated cost savings Administrative staffing changes and turnover, unavoidable contract obligations, legacy personnel costs, legislative and judicial decisions, and changing public safety responsibilities of the Indianapolis Metropolitan Police Department and the Marion County Sheriff's Department prevented the realization of anticipated immediate cost savings.

(*Consolidated City of Indianapolis and Marion County: Law Enforcement Consolidation Review*, KSM Consulting, 2014.)

A 2011 summary of consolidation studies in the United States finds that:

Previous studies have examined the impact of city-county consolidation using a variety of research methods from cases studies to econometric techniques, and they have found that consolidation has little impact on local government spending or economic development outcomes. The results of the models presented in this book concur with the previous research. We found that there are no pre- or post-consolidation differences in the employment, payroll, or expenditures of consolidated local governments.

(Dagney Faulk and Michael Hicks, Local *Government Consolidation in the United States*, Cambria Press, 2011).

Challenges of Local Government Fiscal Comparisions

There are a number of challenges in examining the fiscal operation of consolidated city-county governments and projecting the outcome for a consolidation in St. Louis. While there are 40 consolidated city-county governments in the U.S., the National League of Cities has separated them into three categories:[1]

- governments legally designated as city-counties and operating primarily as cities
- areas designated as metropolitan governments and operating primarily as cities
- areas having certain types of county offices, but as part of another government (city, township, special district, state)

One of the impacts of these varying government forms is the specific services that are the responsibility of any one of these 40 governments is not exactly the same as any of the others. While there are some services that are consistently provided, such as police and public works, there are other services that are not provided in some cases or are delivered by a special district or some other arrangement. One approach to determining these differences is to examine the organization charts in Comprehensive Annual Financial Reports (CAFR).

CAFR's is a set of U.S. government financial statements comprising the financial reports of a county or municipal governmental entity that complies with the accounting requirements

[1] https://www.nlc.org/list-of-consolidated-city-county-governments

promulgated by the Governmental Accounting Standards Board (GASB). The organization charts for the 40 consolidated city-county governments shows a wide range of services and service structures that make comparison across governments very difficult.

For example, comparing the governments in the City of St. Louis and St. Louis County to Louisville-Jefferson County should account for the St. Louis Port Authority functioning as one of the 12 Development Boards of the municipal government of the City of St. Louis whereas The Louisville and Jefferson County Riverport Authority is a legally separate entity that was established in order to develop and maintain an industrial riverport complex on a self-supporting basis utilizing a rate structure designed to produce revenues sufficient to fund debt service requirements, operating expenses and adequate working capital.[2]

Similarly, the Parking Commission of the City of St. Louis is a part of the City government whereas in Louisville-Jefferson County the Parking Authority of River City, Inc. is a separate non-profit corporation.

Comparing St. Louis to Indianapolis is similarly complex. Despite the moniker Unigov, the structure of local government in Marion County Indiana is perplexingly complex. While Unigov consolidated the City of Indianapolis and Marion County as the primary governmental unit, there are a number of component units that perform discrete functions and are outside the direct governance of the consolidated City of Indianapolis and Marion County. Examples of components of Unigov include: Capital Improvement Board of Managers, Health and Hospital Corporation of Marion County, Indiana, Indianapolis-Marion County Building Authority. These component units each have their own source of tax and other revenues separate from the Consolidated City of Indianapolis/Marion County.

While there are potential lessons to be learned by a metropolitan area through contrasting the cost, quality, and impact of its governmental structure, there are many factors which must be accounted for to have confidence in the veracity of the analysis.

Revenue Estimation

The claims of fiscal savings as a result of the monumental consolidation of local government proposed by Better Together are derived from a set of revenue and expenditure projections in the post consolidation world. This section examines the revenue assumptions and projections contained in the fiscal note submitted to the Missouri Auditor by Better Together.

The major revenue assumptions can be summarized as:[3]

> Property tax collections will increase 2% per year in all jurisdictions combined beginning in 2018

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[2] https://www.nasco.org/Data/Sites/1/documents/committees/financing/resources/gccb/statements/Louisvillle.pdf

[3] This revenue section does not include Fire District revenue since that will be the subject of a subsequent report.

Sales tax collections will increase 1% per year in all jurisdictions combined beginning in 2018 after accounting for the increase in aggregate sales tax as result of Prop P approval in both City and County.

The earnings tax/payroll tax in the City of St. Louis will be phased out beginning in 2021.

There will be a reduction in property tax rate in St Louis County and elimination of the "county services" property tax in the City.

The Fiscal Analysis Team (Team) built a spreadsheet model to analyze the impact of these revenue assumptions on the resources available to provide services in 2021 and subsequent years until 2032. The analysis details both the Better Together projections as well as the working assumptions of the Team. The Team employed slightly different assumptions to some of the key elements.

Property Tax

A flat 2% per year increment in property tax seems inappropriate on two grounds. First, the history of assessed valuation over both a ten year and five-year period of time in both the City and County does not support the premise that values will rise 2% a year over the next fifteen years. The combined City/County assessment in 2009 was $29.5 billion dollars, which decreased to $29.0 billion in 2017[4]. Between the 2015 reassessment and 2017 reassessments, the increase was 7.9% over the two-year period. Of course, actual revenue from the property tax is a function of assessed valuation and the tax rate.

Second, property reassessment occurs every other year. A pattern of yearly increase by the same metric is particularly questionable. Thus, the compounding effect of yearly increases absent voter approved rate increases overstates the cumulative impact. The Team employed a metric of 1% increase for assessment years, and .5% increase for non-assessment years.[5]

Sales Tax

Estimates of future revenues from sales tax is especially important for this analysis. Currently, sales tax accounts for 38% of all revenue for the City/County/Municipalities combined. However, in the projected metro city budget sales tax would account for more than 50% of the revenue of the Metro City. Thus, a small inaccuracy in revenue projection over a decade can either sharply reduce or increase the estimation, and this could be cumulative.

For purposes of projection one can utilize either sales tax collected or total taxable sales as a metric. The Better Together projection employs a 1% increase per year on sales tax collected, as the basis for the fifteen-year projection.

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[4] CAFR St Louis City and County

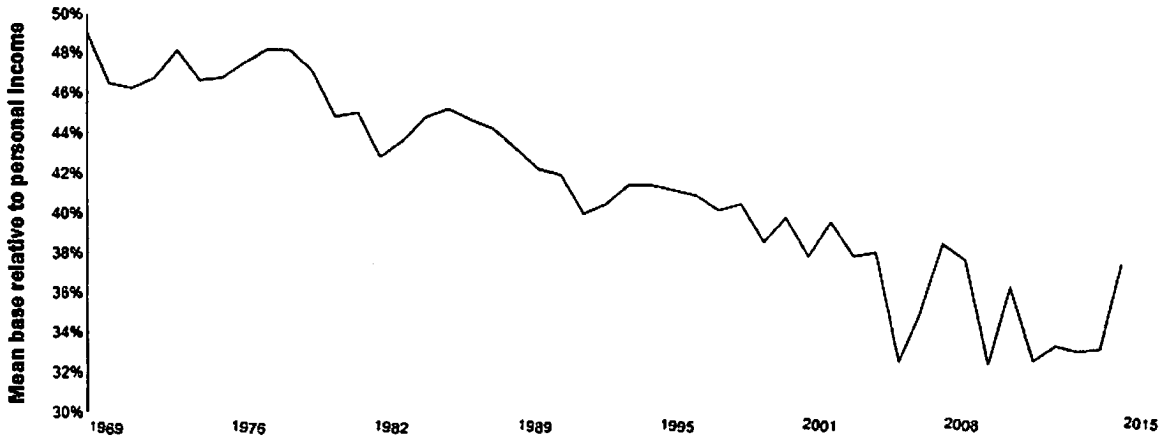
[5] As this report was being prepared newspaper accounts indicated that reassessments in 2019 were indicating a significant increase in both City and County. To reflect these preliminary estimates the Team employed a 2% increment for 2019 only.

The aggregate sales tax collection metric can be skewed by changes in the rate or number of entities collecting sales tax. There are a variety of local option sales taxes available and used by the individual entities. In the future, increments to the rates and number of sales taxes utilized would require a positive vote of the entire metro city rather than an existing municipality, which may be more challenging.

Several factors might negatively impact the fifteen-year projection of growth at a compounded 1% per year. Online sales have clearly reduced the growth of "brick and mortar" retail location sales. There is little reason to conclude this pattern will change in the next decade, and ample evidence to infer that the trend will continue. One of the inevitable consequences of this trend is the decline in the number of malls and "big box" retail stores, which generate a major share of the total sales tax.

The Brookings Institution documented the historical trends in the sales tax base and the sales tax rate in the 2018 report *The History and Future of the Retail Sales Tax*.[6] Sales tax collections historically have been maintained only by increasing the tax rate because the tax base has been shrinking. There is every reason to expect a similar future for Metro City, since its largest source of revenue will be sales tax, starting at 42 percent in 2023 and increasing to over 50% percent in 2032.

The sales tax base has been shrinking...



Source: Mikesell and Kioko (2018)

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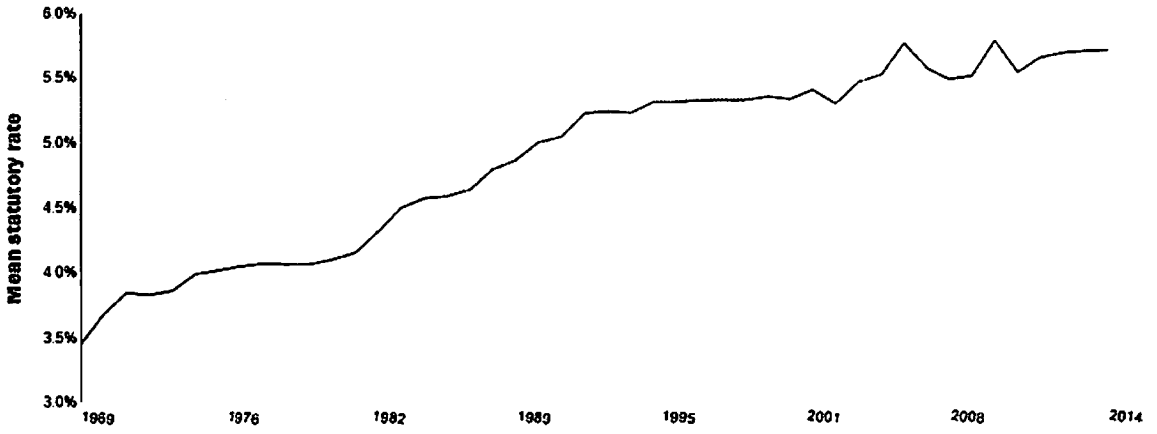
[6] https://www.brookings.edu/blog/up-front/2018/07/16/the-history-and-future-of-the-retail-sales-tax/

...while the sales tax rate has been increasing



Source: Mikesell and Kioko (2018)

BROOKINGS

A decade ago a significant recession caused sales tax revenues to drop precipitously. Almost a decade later total taxable sales are just returning to the pre-recession level. Hopefully, there will not be another recession of this magnitude in the next fifteen years, but is it realistic to presume no economic downturn?

Because of the importance of sales tax to the overall revenue projections for the Metro City, the team has undertaken three projections of sales tax. The base assumption is the optimistic one (1% per year) used by Better Together. The alternative assumption is a more conservative (.5% per year) projection that seeks to reflect changes because of either online sales or a recession or both over the fifteen-year period. Because the sales tax revenue will be the most critical segment of revenue for the Metro City, the Team has a base projection of 1% increase per year (following the Better Together metric), but have also explored the impact of a .5% increase and a .75% increase.

Table 1
Taxable Sales- St. Louis City and County 2014-2017

	2017	2016	2015	2014
County	$16,910,882,473	$17,075,262,610	$16,844,027,084	$16,300,797,027
City	$4,714,503,278	$4,663,675,173	$4,683,668,511	$4,577,453,173
Combined	$21,625,385,751	$21,738,937,783	$21,527,695,595	$20,878,250,200
% Increase	-0.5%	1.0%	3.0%	
% Incr 2014-17	3.6%			

Source: Missouri Department of Revenue

Historic statistics on actual sales tax revenues is an alternative approach to projecting future income.

Table 2
Sales Tax Revenue Increases- St Louis City/County

	2017	2016	2015
County	2.5%	0.9%	2.8%
City	9.3%	0.4%	0.6%

There is a volatility for annual sales tax generation that reflects variations in spending patterns. This is why the Team used alternative scenarios to assess the impact of declining taxable sales.

Finally, it should be noted that total county and municipal sales taxes currently collected are authorized by a variety of statutes some of which specify a dedicated use for the tax. The plan appears to assume in the future the Metro City will receive all sales taxes and use them as general revenue. This is a potential point of legal challenge. Since the Metro City budget will rely heavily on sales tax revenue, the earmarked nature of some of the sales taxes may render yearly budgeting more difficult and less flexible.

Other Revenue

The Better Together fiscal note offers no increment on the other revenue sources, except to gradually eliminate the earnings/payroll tax in the City, and project an initial reduction in the court fines/fees. These items are kept at the same level for the entire fifteen-year period. This is probably unrealistic. License fees and utility tax together represent 16% of the total revenue in the base year. However, since the Better Together projection did not add an inflation factor to these items, the Team also decided to not adjust them. This allows for a focus on Sales and Property tax in the comparative analysis.

Revenue conclusions

The Team's Revenue projections employed the same approach as Better Together for all revenue items except Property Tax and Sales Tax. This is a presumption of no increase beyond the 2017 status quo. We also assumed the phase out of the City earnings/payroll tax over ten years, and the one-time reduction in court fines.

We adjusted property tax revenue to account for greater increases in assessment years. The Hancock Amendment constrains excessive increases caused by reassessment. Our approach was to increment revenue by 1% in assessment years and .5% in other years. We also reduced revenues in 2024 to account for the reduction of the City tax for county services and the reduction in the County rate stipulated in the Better Together fiscal note. With these adjustments the Team's projection finds $123 million dollars less than the Better Together projection for property tax in 2032 with a shortfall of about $100 million dollars a year throughout the period.

The sales tax pattern is slightly different. It appears that the Team's estimate of Prop P addition to the sales tax yield after 2017[7] is slightly higher than the Better Together estimate. This produces a slightly higher sales tax yield for the Team across the projection period when both use the 1% yearly increment.

The Team is comfortable with the 1% metric based on recent historic trends, but recognizes there is a volatility to sales tax that renders long-term projection troublesome. Therefore, we did alternative projections of .5% and .75% per year. In these scenarios $20 to $25 million dollars less is collected per year over the projection period.

When all revenues are included, the Team projects $40 million dollars less revenue per year than the Better Together projection for 2032 with similar differentials each year. If the Team alternative scenario #1 (annual .5% sales tax increase) becomes more accurate, the revenue differential may approach $150,000,000.

The Team has not undertaken a "status quo" projection, but notes that both projections assume elimination of the earnings/payroll tax over ten years and reductions in property tax in both City and County. In 2017 the earnings/payroll tax was nearly $200 million dollars. The Team estimated the property tax reductions to be in the neighborhood of $70 million dollars.

Assuming other revenue sources remain the same in a status quo projection, this will remove almost $300 million dollars a year now utilized to provide public services.

Expenditure Estimation

This section examines the pre and post consolidation expenditure projections of Better Together as published in the fiscal note submitted.

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[7] Better Together used 2017 as the base year. At this point most of the Prop P money was yet to be collected. The Team adjusted 2019 sales tax revenues to fully reflect Prop P collections, and this enhanced number became part of the base in 2022.

The Better Together major expenditure assumptions can be summarized as:

> Pro forma 2023 Metro City Budget nearly identical to 2017 Status Quo Expenditures projected forward to 2032 with 1% annual decrease. (expressed as 3% reduction offset by 2% inflation)
>
> Specific cost reduction areas are unspecified.
>
> Municipal district expenditures will decrease over time to reflect limited responsibility

The Fiscal Analysis Team (Team) built a spreadsheet model to analyze the impact of these expenditure assumptions on the provision of services in 2023 and subsequent years until 2032. This analysis examines both the Better Together expenditure projections as well as the working assumptions of the Team. The Team employed somewhat different assumptions related to key elements.

Treatment of Baseline Expenditures in Pro Forma Budget

The baseline initial expenditures for the 2023 and beyond pro forma budget appears to use the 2017 status quo expenditures as a starting point.[8] The Table 3 below illustrates expenditures by category remain fundamentally the same despite the five-year gap between 2017 and 2023.[9] The Team sought to present a more realistic view of an appropriate baseline expenditures for year one of the Metro City. In the Team model, the Status Quo 2017 expenditures were grouped according to function and entity.[10]

> **County Functions** were those listed as exclusive of STL County and/or City with no municipal expenditures. Board of Elections and Assessor are examples of this function currently provided by both City and County, but not by municipalities.
>
> **Judicial Functions** were those involving Courts, Prosecutors, and Jails in the City and County.
>
> **Municipal Functions**, such as police and parks, were those performed by City, County, and municipalities with listed expenditures for each.

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[8] Reference 3 of the Fiscal Note (p 3 of Better Together Fiscal Note Spreadsheet) in referring to Revenue cites the FY 18 for City, FY17 County, 16-17 CAFRs for municipalities. Status quo expenditures (p4 of Better Together Fiscal Note Spreadsheet) do not list a source, but it appears to be the same 2016-18 data sets used for revenue baseline.

[9] The fire district expenditures have been included in the total because the fiscal note spreadsheet (p9) includes fire protection (districts and municipal) as first year expenditures, although the Metro City will not directly provide fire service. We anticipate a closer analysis of fire service finances in a subsequent report.

[10] The fire district expenditures have been included in the total because the fiscal note spreadsheet (p9) includes fire protection (districts and municipal) as first year expenditures, although the Metro City will not directly provide fire service. We anticipate a closer analysis of fire service finances in a subsequent report.

This division does not consistently divide all expenditures into appropriate categories[11], but does provide a sense of expenditures related to functional activities. The share of expenditures in each functional category are:

County Functions 22%
Judicial Functions 6%
Municipal Functions 72%

The expenditures by function were subject to different annual increments for each entity (City, County, Municipalities) for the years 2018 through 2022.[12] [13] The Status Quo expenditures did not appear to account for the new spending attributed to the public safety sales tax for each entity. Most of the expenditures associated with the tax were salary increases that become part of the base budget and not easily reduced compared to capital expenditures.[14]

In the Team budget projection, annual public safety sales tax revenue was added to the previous police expenditures in addition to the annual increment to reflect this addition to the base budget.[15]

Table 3
Status Quo vs First Year Expenditures
In Better Together Fiscal Note

	StatusQuo 2017	Team2018	Team2019	Team2020	Team2021	Team2022	BT 1st Yr 2023 Tot	Diff 2023/2022	Diff 2023/2017
COUNTY FUNCTIONS	$539,371,973	$546,381,512	$553,663,414	$561,069,624	$568,602,416	$576,264,106	$541,976,203	($34,287,903)	$2,604,230
JUDICIAL FUNCTIONS	$144,369,963	$146,415,422	$148,493,371	$150,604,376	$152,749,012	$154,927,866	$144,369,963	($10,557,903)	$0
MUNICIPAL FUNCTIONS	$1,733,912,710	$1,756,322,545	$1,856,350,819	$1,880,729,309	$1,905,487,004	$1,930,630,053	$1,787,762,486	($142,867,567)	$53,849,776
ALL FUNCTIONS	$2,417,654,646	$2,449,119,479	$2,558,507,604	$2,592,403,309	$2,626,838,432	$2,661,822,025	$2,474,108,652	($187,713,373)	$56,454,006

The table illustrates the difference between the Team projection of status quo expenditures in 2022 and the Better Together first year projection of expenditures. The Better Together 2023 expenditures are almost identical to the Status Quo 2017 baseline. The differences are a reduction in costs for municipal courts, addition of the emergency fund, additional fire protection money for the new St. Louis Fire District, and reduction in the "Other" category for the City of St. Louis. Most the additional expenditures are accounted for by additional debt service and new fire protection dollars.

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[11] For example the catchall category of "Administration" includes areas of spending that may be attributed to other functions.
[12] City 1% per year, County 2% per year, Municipalities, 1.5% per year.
[13] Not all categories were subject to an increment. Those categories where the service provided was unclear were kept at the 2017 level. The county item for "Convention and Recreation" is an example
[14] A body camera purchase, for example, is a one-time expense. A base salary increase is a continuing expense.
[15] Since not all public safety sales tax revenue was dedicated to salary, the tax was multiplied by .75 in the 2019 base year, and this new amount became part of the baseline expenses going forward.

The more significant difference is in the comparison between the Team projection of spending for all functions in 2022 and the 2023 Better Together projection spending for all functions in 2023. This analysis found a significant shortfall in every function category with a total difference of $187.7 million-dollar difference between projected 2022 spending and the first year Metro City expenditures. This represents an approximately 7% reduction from 2022 to 2023.

For example, police expenditures are the largest single item representing 20% of all expenditures. The police shortfall represents about $116 million dollars. If police expenditures in 2023 were maintained at the level of 2022 spending to avoid a reduction in officers for this critical service, all other functions might need to be reduced by 20% to meet the target total expenditure.

In a scenario in which the Better Together 2023 proforma expenditures are used with a decrease of 1% a year across the board produces a much smaller yearly expenditure total than a scenario in which the Team projection of the status quo in 2022 is used for future estimations.

The Team finds the proposition that a yearly reduction in expenditures equal to 1% per year to be unrealistic. Police, public works, parks, and fire protection represent well over 50% of all expenditures, and these are labor intensive services. Annual budget reductions over a decade in these popular services seems unlikely.

Recent press reports indicate Louisville faces a significant budget shortage with police cuts among areas subject to reduction. Consolidation does not guarantee a world free of budget problems.[16]

The Team did not attempt to project an increase in debt service beyond the plan to reduce debt, especially with use of the earnings tax during the phase out period. The Better Together plan does not appear to provide for any future debt service over the first decade. Comparable cities across the country routinely use new debt for essential capital improvements. Road and bridge improvements, building retrofitting, and other capital projects will not be undertaken without the additional debt.

Projected Savings

A hallmark of the Better Together fiscal plan is projected savings of $55,000,000 annually with a cumulative savings of up to $1 billion annually. Our analysis leads to an opposite conclusion. We estimate that expenditures will quickly exceed revenues leading to either deficits or substantial reductions in service. Table 4 below is our comparative summary of revenue and expenditure projections from 2023 to 2032.

[16] https://www.courier-journal.com/story/news/politics/metro-government/2019/04/05/louisville-budget-belle-louisville-city-pools-other-summer-impacts/3369447002/

Table 4 Summary Comparison of Team and Better Together Financial Projections

Summary	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
BT Revenue Projection	$2,321,663,940	$2,316,018,827	$2,295,754,852	$2,290,336,792	$2,308,320,990	$2,285,468,419	$2,276,206,068	$2,271,883,046	$2,267,791,480	$2,285,110,465
Team Revenue Projection	$2,337,799,484	$2,328,112,319	$2,297,543,509	$2,287,804,717	$2,302,760,104	$2,263,050,360	$2,255,195,797	$2,246,018,239	$2,230,746,916	$2,242,921,447
Difference(BT-Team)	($16,135,544)	($12,093,492)	($1,788,657)	$2,532,075	$5,560,886	$22,418,179	$21,011,071	$25,864,807	$37,044,564	$42,189,018
BT Expenditure Projection	$2,175,886,739	$2,219,049,199	$2,153,102,342	$2,092,835,310	$2,079,985,394	$2,067,168,664	$2,054,888,718	$1,919,070,939	$1,906,955,912	$1,895,068,110
Team Expenditure Projection	$2,363,600,111	$2,450,254,637	$2,365,543,132	$2,316,540,994	$2,315,076,317	$2,313,766,174	$2,312,715,960	$2,311,819,474	$2,311,182,906	$2,310,699,487
Difference (Team -BT))	$187,713,373	$231,205,437	$212,440,990	$223,705,684	$235,090,923	$246,597,660	$257,827,242	$392,748,536	$404,226,994	$415,631,377
BT Surplus Revenue/Expenditures	$145,977,201	$196,969,628	$142,652,510	$197,501,482	$228,335,596	$218,099,775	$221,318,150	$352,812,107	$360,835,568	$390,042,355
Team Surplus Revenue/Expenditures	($25,800,627)	($122,142,518)	($67,999,623)	($28,736,277)	($12,316,213)	($50,716,063)	($57,520,163)	($65,781,235)	($80,435,990)	($67,778,040)
Difference BT - Team	$171,777,828	$319,112,146	$210,652,133	$226,237,759	$240,651,809	$268,815,838	$278,838,313	$418,593,342	$441,271,558	$457,820,395

In the early years the Team revenue estimates are higher than the Better Together projections. The subsequent reversal comes from less optimistic property tax estimates. If, however, the Team sales tax scenario #1 (using a .5% rather than a 1% yearly increment) is more accurate, the gap would be considerably higher.

However, the most significant difference is on the expenditure side. As noted above, the Team concluded the Better Together 2023 expenditure starting point is artificially low. If the 2017 starting point is projected forward with a modest inflationary increment and full accounting for expenditures relating to the voter approved public safety sales tax, then the 2023 baseline expenditures will be considerably higher.

The differences in expenditure projection in the early years are in the range of $200 to $250 million dollars a year. These, of course, would be unsustainable. Balanced budgets would quickly require large expenditure reductions in essential services. The Better Together analysis assumes an annual and cumulative expenditure reduction of 1% a year across the board for a decade. The Team basic analysis also assumes a 1% per year reduction after inflation adjustment, but finds higher levels of expenditure because of the larger baseline.

Conclusion

This report represents a first attempt to systematically analyze the financial projections of the Better Together merger plan. The Team did not find evidence to support the claim of tens of millions of dollars of annual savings with no loss of essential public services.

The Team revenue projections are somewhat higher than those of Better Together in the near term, but less in the later years. The baseline expenditure budget in the Better Together plan appears to start at an unrealistically low point, even before anticipated budget reductions attributed to economies of scale and employee attrition.

The Team's analysis concludes with the projection of an operating deficit of between $50 and $80 million dollars a year during the first decade, even with the projected 1% per year reduction. We do not believe such a shortfall would be sustainable over that period of time. Either new tax increases would be necessary, or major service cuts beyond 1% per year will be required.

Police, Public Works, and Parks represent 45% of all expenditures. The Judicial functions, including jails, account for another 6%, and the dedicated tax support for mass transit an additional 8%. It is difficult to reduce expenditures in these service areas, but the Metro City will not be able to balance its budget without cutbacks in these services.

The Team welcomes comments and critiques of its methodology and conclusions.

Please contact: Jim Brasfield jimbrasfield@mac.com

Your comments will be reviewed by the entire team.

Officials from the **City of Ballwin** indicated:

Under this initiative petition, they anticipate a reduction in revenues of $13,528,000:

Sales taxes $9,626,000
Other intergovernmental taxes $1,917,000
Licenses and permits $1,070,200
Court fines $600,000
Police and communications $219,000
False alarm fines $6,800
Grants $36,000
Miscellaneous $53,000

They anticipate a reduction in costs of $11,842,000:

Police $6,514,000
Public Works personnel $1,561,000
operating expenses $1,954,000
Administration court $170,000
other personnel $924,000
operating expenses $719,000

Without additional revenue sources, remaining public works operations would be cut ($1,180,000) and additional administrative staff.

Officials from the **City of Bellefontaine Neighbors** indicated their city will be stripped of all sales tax revenue, all revenue associated with their police department, courts, business licensing, any permits associated with zoning, will leave no monies for Capital Improvements, will unjustly leave their city with unfunded mandates which will eventually lead to dissolving their city as a whole. They submit the following information per our request. Their annual budget is $4,895,911.00. It is estimated if the proposed merger were to occur their city would lose 73.9% of the amount, or $3,618,078.23.

Officials from the **City of Chesterfield** indicated their city estimates implementing this petition would result in a deficit of $19,039,279 when compared with their city's 2019 budget as passed with a $904,374 surplus. This net decrease of an estimated $19,943,653 results primarily from sales taxes no longer being remitted to their city, offset in part, by the reductions of service cost in the courts, police, and street maintenance. In order to provide the services after the constitutional amendment, the deficit would necessarily be made up by a substantial dedicated real estate and personal property tax and/or a substantial increase in gross receipts taxes on utilities.

Combined Statement of Budgeted Revenues, Expenditures and Changes in Fund Balance - All Funds	**2019** BUDGET	**Petition Modificaton Estimate**	**Post Petition**
REVENUES:			
Property Taxes	$ 460,500	$ (460,500)	$ -
Utility Taxes	6,582,000		$ 6,582,000
Sales Tax	22,609,307	(22,609,307)	$ -
Intergovernmental Taxes	4,390,850	(4,390,850)	$ -
Licenses and Permits	1,586,470	(1,586,470)	$ -
Charges for Services	2,044,261		$ 2,044,261
Court Receipts	692,556	(692,556)	$ -
Other Revenues	907,748		$ 907,748
TOTAL REVENUE	39,273,692	(29,739,683)	9,534,009
EXPENDITURES			
Executive & Legislative	73,525		73,525
Deptartment of Administration			-
City Admin/Econ Dev/Cust Svc	556,419		556,419
Finance and Courts	870,945	(208,193)	662,752
Information Technology	819,863		819,863
Central Services	2,700,019		2,700,019
Police Department	11,082,635	(11,082,635)	-
Director of Public Services			-
Planning and Development	782,786		782,786
Public Works	8,652,539	(3,005,202)	5,647,337
(Garbage Collection)		4,500,000	4,500,000
Parks	8,793,499		8,793,499
Designated Funds Distributions	-		-
Capital Items for All Departments	$4,037,088		4,037,088
TOTAL EXPENDITURES	38,369,318	(9,796,030)	28,573,288
Change in Fund Balance	904,374	(19,943,653)	(19,039,279)

Officials from the **City of Crestwood** provided the following information:

CRESTWOOD

One Detjen Drive
Crestwood, MO 63126
(314) 729-4780

OFFICE OF THE CITY ADMINISTRATOR

March 26, 2019

Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, Missouri 65101

RE: Fiscal Note Regarding Constitutional Amendment to Article VI (2020-054)
City of Crestwood, Missouri

Auditor Galloway:

The State Auditor's Office is required to submit a Fiscal Note and Fiscal Note Summary under Section 116.332 RSMO on all initiative petitions. Please accept the following suggestions for inclusion in the fiscal note as to how this proposal will impact local government in the St. Louis Region. The below example is for the City of Crestwood.

Background

The proposal as presented strips from all municipalities control over sales tax revenues and budgeting. The proposal gives the Metro City Mayor authority to release any funds "as necessary" to Municipal Districts, while also giving the Metro City Mayor line item authority over the budget, which is defined as the combined budget of St. Louis City, County, and all Municipal Districts. Any revenues associated with courts, police, business licensing and regulations, and roads are subject to the review and approval of a separate government entity. While the proposal also removes from "Municipal Districts" responsibility and costs for courts, police, business regulation including zoning and permits, the savings from these changes are not enough to make up for the expected loss of revenue due to losing control over sales taxes.

In Crestwood's case, the net result of changes proposed in the Constitutional Amendment is a deficit for the surviving Crestwood Municipal District of nearly $3.5 million per year. The Crestwood Municipal District would have no funds for capital improvements, such as maintaining our Government Center or Community Center. Crestwood also operates a Municipal Fire Department, and there would be no funds available for replacing our fire truck and other costly fire department equipment. Without secure funding for these necessary maintenance needs, the future cost of replacing or repairing them increases. A

roof leak not immediately repaired can reasonably be expected to cost significantly more if left unaddressed. The financial situation for the potential Crestwood Municipal District is bleak.

Another concern about the proposal is its treatment of infrastructure maintenance. The proposal strips public works responsibilities from Municipal Districts and instead assigns them to the Metro City. The City of Crestwood strives to maintain local infrastructure through annual maintenance activities. Under the proposal, the Municipal District would have to rely upon the Metro City to maintain infrastructure within its boundaries. Given the reduction in the County's property tax, coupled with the phase-out (and dedicated use) of St. Louis City's earning tax, there are significant doubts about the ability of the proposed Metro City to adequately fund infrastructure maintenance. As stated above, deferring critical maintenance only leads to greater costs in the long run.

With financial obligations significantly exceeding available revenues, the Crestwood Municipal District would have to give serious consideration to dissolving. The dissolution of the Crestwood Municipal District would mean, among other things, that fire services would cease to be provided to residents of the former Crestwood Municipal District by the Municipal District, and therefore would need to be resumed by some other entity - presumably, a neighboring Fire District. It should be noted that the property taxes for those neighboring districts are higher than that of the City of Crestwood/Crestwood Municipal District. Therefore, the dissolution of the City of Crestwood would almost certainly result in a property tax increase to our residents.

As opposed to dissolution, the Crestwood Municipal District would have to resort to substantial increases to property owners in the surviving Crestwood Municipal District. There are three options: 1) increasing the real estate and personal property tax; 2) increasing the gross receipts taxes on utilities (the costs of which are borne by that utility's customers), or 3) an increase in fees charged by the city for parks and recreation and fire inspections.

Adjusted 2019 Crestwood Budget showing the impact of the Better Together proposal:

Chart 1. Crestwood 2019 Budget and Showing Impact of Better Together Proposal.

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Crestwood, MO 63126
(314) 729-4780

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2019 Budget	General Fund	Park Fund	Capital Fund	Sewer Lateral Fund
Revenues	9,535,667	1,828,695	1,445,690	139,600
Expenses	9,444,238	1,812,475	1,423,682	135,000
Transfers In (Out)	-	-	-	-
Surplus (Deficit)	91,429	16,220	22,008	4,600

Better Together Proposal	General Fund	Park Fund	Capital Fund	Sewer Lateral Fund
Revenues	3,980,531	654,350	19,000	139,600
Expenses	5,613,664	1,812,475	681,500	135,000
Transfers In (Out)	-	-	-	-
Surplus (Deficit)	(1,633,133)	(1,158,125)	(662,500)	4,600

Footnotes:

1. The "General Fund" comprises the bulk of Crestwood operations, traditionally including police, fire, planning and zoning, public works administration, facilities maintenance staffing, municipal court and administrative services.
2. The above chart is a restatement of what the Crestwood 2019 Annual Budget would look like assuming the Better Together proposal was in effect on January 1, 2019.
3. The only revenue in the Capital Fund would be interest income on the current balance of that fund. The Better Together proposal would require deficit spending in the Capital Fund until that fund's balance were exhausted, thereby eliminating any interest income and effectively terminating this fund.

Even if the Crestwood Municipal District were to increase its authorized property and utility taxes to their statutory maximums, the district could NOT cover the operational deficit created by the Better Together proposal. Below is a chart identifying available additional revenue sources:

Chart 2. Additional Revenues Available by Increasing Taxes.

Revenue Source Available	Statutory Maximum	Added Revenue Potential
Real Estate Taxes	1.00	1,156,563
Personal Property Tax	1.00	44,655
Utility Tax Increases	10%	1,018,117

All additional revenue sources generate an estimated $2.2 million per year. As shown in Chart 1 above, Crestwood is facing a deficit of $3.4 million per year. Thus, the Crestwood Municipal District would be left with a $1.2 million deficit. With no other revenue sources available, Crestwood would have to reduce services, by either:

1) Reducing its Parks and Recreation operations (total annual expenditures $1.8 million).
2) Cease all Fire Department operations (total annual expenditures $3.2 million).

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(314) 729-4780

OFFICE OF THE CITY ADMINISTRATOR

Finally, a note concerning the proposed Metro City finances. As a Municipal District, Crestwood would comprise a portion of the new Metro City and our residents have a keen interest in the fiscal health of the new Metro City. There are significant unanswered questions and new obligations raised by this proposal that appear to be unaddressed, and appear to not be taken into account in the fiscal analysis previously prepared by the Better Together group. For example, the Metro City would, upon voter approval of the ballot initiative, take possession of a significant amount of property and personnel previously employed by municipalities. There is insufficient discussion of how insurance (health, general liability, auto liability, police liability, etc...), pension liabilities, worker's compensation, and more would be handled in the fiscal analysis prepared by Better Together. These liabilities are significant and create doubt which undermines the principal conclusion of grandiose savings under their proposal.

Sincerely,

Kris Simpson
City Administrator

Officials from the **City of Des Peres** provided the following information:

City of Des Peres
Missouri

Sent by e-mail: fiscalnote@auditor.mo.gov.

April 3, 2019

Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, Missouri 65101

RE: Fiscal Note Regarding Constitutional Amendment to Article VI (2020-054)
City of Des Peres, Missouri

Dear Mrs. Galloway:

Please accept and consider the contents of this letter in drafting your fiscal note for initiative petition #2020-054 required under Section 116.332, RSMO on all initiative petitions. Specific example is given for the impact on the City of Des Peres.

SUMMARY:

The proposal as presented strips all existing municipalities in St Louis County of substantial revenues including sales tax and any revenues associated with courts, police, business licensing and regulations and roads which by current statutes are remitted to cities in St Louis County. While the proposal also strips from cities (now called Municipal Districts) all responsibility and associated costs for courts, police, business regulation including zoning, permits and general economic development, the net result will be a substantial deficit for the remaining municipal district that will require either dissolution or substantial increases in real estate or utility taxes.

In the case of Des Peres, the net result of changes proposed in the Constitutional Amendment is a deficit for the surviving Des Peres Municipal District of nearly $6,000,000 per year with no funds allocated for capital equipment or projects which we expect would need to average $1,000,000 per year for parks, recreation and fire purposes and maintenance of public facilities. (Des Peres currently allocates $2.5 million per year from the capital improvement sales tax for capital equipment and projects with over 50% allocated to streets)

While some reduction in service levels and expenses would likely be appropriate post-merger, the end result would be a requirement to substantially increase local taxes on the property owners in the surviving Des Peres Municipal District focused on only three options: (1) a

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Relay Missouri 1-800-735-2966 TDD
www.desperesmo.org

substantial real estate and personal property tax); (2) a substantial increase in gross receipts taxes on utilities (passed thru to the underlying customers); or (3) an increase in fees charged by the city the area of trash services and parks & recreation fees.

For purposes of this analysis, we have adjusted the current 2019 Des Peres Budget to show the fiscal impact of Better Together Proposal if it were in place for this year.

2019 Budget	**General Fund**	**Park Fund**	**Operating Budget**	**Capital Budgets**
Revenues	11,833,825	6,269,400	18,103,2225	3,227,055
Expenses	(11,680,947)	(5,133,616)	(16,814,096)	(4,448,055)
Transfers In (Out)	29,000	(1,214,500)	(1,185,500)	1,213,000
Surplus (Deficit)	182,467	(78,816)	101,751	(8,000)
Post Better Together	**General Fund**	**Park Fund**	**Operating Budget**	**Capital Budgets**
Revenues	3,160,447	3,232,400	6,392,847	473,305
Expenses	(6,014,343)	(5,133,616)	(11,147,918)	(2,400,900)
Transfers In (Out)	0	(1,207,000)	(1,207,000)	1,234,500
Surplus (Deficit)	(2,853,896)	(3,108,175)	(5,962,000)	(729,095)

Footnotes:

1. The "General Fund" is a compilation of budgets for the General Fund, Fire Fund and Public Safety Fund
2. This analysis is a restatement of our current budget assuming the Better Together proposal was in effect on January 1, 2019. For purposed of the analysis, the 'General Fund" also includes revenues and expenses from the Fire Fund and Public Safety Fund since revenues from both of those funds are largely transferred into the General Fund.
3. For purposes of this analysis, transfers out of the Park Fund to the Debt Service Fund ($1,050,000) are not included in the analysis since all outstanding debt for The Lodge will be fully retired in early 2020.
4. The major transfer in 2019 in the Park fund is to our Capital Improvement Fund to finance a large scale capital project to refurbish one of our major parks.
5. Capital Budgets: the city has funded an average of $2.5 million in capital projects per year utilizing a 0.5% capital improvement sales tax. No funds will be available as a dedicated income to the capital fund post Better Together.

The Des Peres Municipal District could cover the operational deficit created by the Better Together petition IF the city were to take all of its authorized taxes for real estate, personal property and gross receipts to their statutory maximums:

Revenue Source Available	Statutory Maximum	Added Revenue Potential
Real Estate Tax	$ 1.00	4,148,734
Personal Property Tax	$ 1.00	451,157
Gross Receipts Tax on Utilities	10.0%	1,563,488
Sanitation Fee	Actual Cost of Service	887,625

Major assumptions used in this analysis are attached hereto as Exhibit "A" along with associated excel spreadsheets using our 2019 budget as our baseline.

The overall general impact of the proposal on local government finance is to shift all sales taxes from existing cities (surviving as "municipal districts") projected at over $300 million per year to the Metropolitan City requiring the most "municipal districts" face the options of either substantially decreasing fire-ems and parks & recreation services or seek substantial increases in property taxes to finance municipal services.

FISCAL IMPACT - THE METROPOLITAN CITY

The Fiscal Impact note previously filed by Unite STL (Christopher Pieper) with the State Auditor suggests that the measure will "result in savings for local governments of up to $55 million annually in 2023 and up to $1 billion annually by 2032." (Petition 2020-042). The revised petition filed March 25, 2019 makes no substantive changes in the structure or finances of the proposed Metropolitan City and one would assume that the fiscal impact statement initially filed will be reiterated as a filing for the new petition (2020-054).

That original fiscal note is flawed in a number of its basic financial assumptions and failed to consider the impact on all governments in the region. The financial plans as presented will require that the "municipal districts" will in total be required either to substantially reduce their level of services being provided OR seek substantial tax increases in property taxes to support Fire & EMS and Parks & Recreation functions absent the current funding mechanism provided by various sales taxes which are being shifted to the Metropolitan City.

The fiscal analysis submitted by UniteSTL is flawed and unrealistic in the following respects:

1. The analysis used in projections for all governmental entities in the 2023 analyses uses as a baseline of current budgets in 2016 and 2017 both of which pre-date the adoption of Prop P (0.5% sales tax in St Louis County in 2017). While their analysis updates revenues to reflect the $84 million generated from the tax annually, the analysis does not adjust the expense projections for 2023 to reflect how those funds were allocated in 2018 (the first full year of receipt). In many cases, those funds were allocated substantially to recurring costs associated with police staffing, salaries and benefits.

2. The analysis uses "status quo" revenues and expenses for comparative purposes are based on 2016-17 revenues & expenses. However, the plan as submitted defines the 2021 budget as being the same as the 2019 budgets. The numbers used as "status quo" for calculation of "savings" in year one and on which their preposterous claims of dramatic savings of $55.0 million. That analysis ignores the impact of inflationary growth in expenses for the 5 years from 2016 to 2021.

   Given that the lion share of operating budgets are personnel related – that assumption must be that no adjustments in compensation have been or will be made from 2016-2019. Their analysis also ignores the overall impact of adoption of Prop P (0.5% sales tax for public safety) in St Louis County representing $84 million. Their analysis incorporates the additional revenue into 2021 projections but fails to recognize the additional public safety expenditures (much of which are recurring costs for personnel) for 2018 and forward to 2021.

3. The analysis of revenue growth shows an assumed 2.0% growth in real estate tax revenue which they states is attributed to "new construction". That assumption runs counter to the last decade in which total assessments (including increases due to new construction and reassessment) have grown only 0.17% annually since 2009. That assumption overstates property tax revenue by over $5.5 million per year

4. Sales Tax projections assume a 1.0% growth line going forward. While consistent with historic growth in the last decade, the projections fail to assume any impact of the continuing erosion of local sales tax revenues due to internet sales which are growing

exponentially and that growth is not anticipated to diminish going forward. National trends are a declining reliance on "brick and mortar" sales taxes.

The sales tax assumptions are also flawed by lumping all sales tax revenues into a single line-item and co-mingling those approved for a dedicated purpose (Fire, Parks, Capital, Public Safety, ECC Fund, Children's' Fund) into a single pot of money for the Metro City without regard for their restricted uses.

The proposal as presented redirects 100% of sales taxes from existing cities to the new Metropolitan City estimated at $300 million per year in the St Louis County area of the new city. Sales tax rates vary substantially among existing cities in St Louis County:

Sales Tax	Rate	Applied	# Cities with Tax
State Sales Tax	4.2250%	County Wide	
General- County	3.0125%	County Wide	
Public Safety - County	0.50%	County Wide	
General Purpose	0.25%	Municipal Districts	44
Fire Protection	0.25%	Municipal Districts	17
Parks & Storm Water	0.50%	Municipal Districts	55
Capital Improvements	0.50%	Municipal Districts	79
Econ Development	0.50%	Municipal Districts	13
Public Safety (Police)	0.50%	Municipal Districts	1 - Eureka

Footnote: Rates in the City of St Louis also differ dramatically from those of the County Municipalities

The sales tax projections in the UniteSLT analysis states that current sales tax rates in both the Metro City (St Louis City and St Louis County) and all "municipal districts" remain at current levels. Their projections appear to assume no equalization of rates by metro city over time. That would not be tenable that different sales tax rates for fire, parks, capital and economic development would be applied in some but not all municipal districts or in the metro city as a whole. At some point in time, rates will need to be normalized across the Metropolitan City.

5. Other revenues from sources such as business licenses, permits etc... are based on 2016 budgets and not 2021 estimates. Those revenues remain constant in their projections and at the same levels as the base year. Existing license fees imposed by a municipal district remain at pre-merger levels and are never equalized by the Metropolitan City? Current business license rates in the City of St Louis, St Louis County and many of the "municipal districts" are substantially different and logic would require that they be equalized by the new government over some short period of time.

6. The fiscal note for the Metropolitan City assumes an annual reduction in operations of -1.0% (3% savings due to merger efficiencies offset by 2.0% inflation) but nowhere does it suggest where those savings are derived. The general assumption is "trust us" that they will materialize. Their fiscal note makes no mention of how those cuts will be achieved or what the impact is on service levels in the Metropolitan City or resulting municipal districts. However, typically police budgets across the region represent roughly 50% of municipal expenditures suggesting that a substantial portion of those reductions will need to come in police operations.

7. The fiscal note provides all current debt obligations of the Metropolitan City are paid off using earnings tax revenues and assumes that no new debt will be incurred by the new Metropolitan City going forward. This runs counter to experiences in other metro cities in the country (including Indianapolis and Nashville) which continue to incur debt and runs counter to experience logic that a larger government can finance everything with cash and no new debt.

8. The financial proforma provided by UniteSTL does not provide for any transitional costs associated with the merger itself. Any consideration of a large scale merger, whether involving governments or private entities, will require substantial costs during the transition period for planning and execution. In large scale mergers, corporations typically take huge write-offs against earnings during transition to reflect those high transitional costs.

SUGGESTED LANGUAGE FOR FISCAL NOTE

These are but a few of the flaws in the Fiscal Note by UniteSTL and should be considered by the State Auditor in drafting any fiscal note that will accompany a ballot proposition. Perhaps an appropriate fiscal note might read:

> *The constitutional amendment is so broad and vague that the fiscal impact cannot be reasonably calculated. However, individual St Louis County Municipalities can expect decreased revenues that exceed savings with transfer of $300 million in sales tax revenues from municipalities to the Metropolitan City likely necessitating substantial tax increases in the municipal districts. The overall savings to the taxpayers of the Metropolitan City is unknown in-as-much as decisions on taxation, finances and service levels going forward are not defined in the amendment and are entirely dependent on decision of the future Metropolitan Council. State income tax revenue is estimated to increase by $2.5 million to $7.0 million as a result of repeal of the city earnings tax.*

At best any fiscal note on this constitutional amendment should be that the proposal is so vague and broad that a fiscal impact cannot be reasonably projected. It certainly should not simply regurgitate the claims of UniteSTL that "savings are unknown but estimated to be as much as $1 billion annually by 2032" which suggests that this is a conclusion of the State Auditor's Office.

If you have any questions regarding our analysis please feel free to contact me by e-mail at dharms@desperesmo.org and I will respond as quickly as possible.

Sincerely,

Douglas J. Harms
City Administrator
City of Des Peres, Missouri

EXHIBIT A
DES PERES, MISSOURI

MAJOR ASSUMPTIONS IN THE ANALYSIS:

REVENUES:

Sales Taxes – currently the city receives the proceeds from a 1.25% general sales tax (shared in St Louis County) that will flow to the new Metropolitan City under the proposal. In addition, the city has imposed a 0.25% Fire Sales Tax, a 0.5% Parks Sales Tax and a 0.5% Capital Sales Tax (shared in St Louis County)

Under the proposal as detailed in the proposed constitutional amendment, all sales and use taxes will go to the new Metropolitan City and no longer to current municipalities. The proposal provides that those taxes remain in place in the areas of the municipal districts and the Metro City shall remit to the municipal district those sales tax revenues necessary to meet outstanding obligations of any kind (which we assume to mean pensions and bonds tied to the revenue source) and **may** remit any remaining balance to the municipal district **as necessary** for providing municipal services within the district. Since the pass-thru of sales and use tax is discretionary and associated with a finding of "necessity" by the new Metropolitan City, these projections assume that no pass thru for dedicated sales taxes for municipal services except the Fire Sales Tax since the Metro City is not responsible for any fire services.

Intergovernmental Revenues – are assumed under the proposal to be redirected by the state to the Metro City since the Des Peres Municipal District is not a city under state law. Further, most of the shared revenues from the state are related to transportation – a function defined as a service reserved to the Metro City and not the municipal districts.

Licenses – all business license fees including merchants and liquor licenses are under the proposal the sole jurisdiction and are to be levied by the Metro City and not the municipal districts.

Permits – the proposal provides that all "public works" is reserved to the Metro City and not a function of the municipal district. While that term is not defined in the proposal, the prevailing document for interpretation is the current St Louis County Charter which provides for a Department of Public Works with responsibility for all "permits" which are assumed to include all building and related permits. That revenue, along with the responsibility for those services, would appear to be assigned to the Metro City and not the municipal district

Municipal Court - all municipal court functions are assigned by the proposal to the Metro City and one would then assume that all fines, costs and forfeitures would also flow to the Metro City.

Contracts - Des Peres has a contract with a Community Improvement District to provide additional police protection to West County Center. That contract and related revenue would no longer be collected since municipal districts are not allowed to provide police services.

EXPENSES

The proposal assigns as the sole responsibility of the Metropolitan City certain functions currently provided by the City of Des Peres including police, courts, business licensing and regulation, transportation, public works and economic development. Therefore, it is assumed that 100% of those costs for the city contained in its current budget for both operating and capital purposes will no longer be necessary and the Des Peres Municipal District budget reduced accordingly.

Expenses relating to Fire and EMS services, Parks & Recreation and Solid Waste Collection are retained as municipal district services and the costs associated with each such service are carried forward to the adjusted municipal district budget. In this analysis, the budget for Public Safety is assumed to be split evenly between the Police function and the Fire-EMS function. We believe that assumption not to be true since Des Peres enjoys some economies by having a combined Department of Public Safety with all employees cross trained and utilized in both functions, rather than separate police and fire agencies and expect that the cost of a stand alone Fire-Ems department to be greater than half cost of our current combined department. expect that the cost to operate a stand- alone Fire Department in lieu of our combined Public Safety Department.

I would assume that an additional $750,000 could be reduced from our operations budget due to a 50% in the reduction of administrative costs including general administrative and finance functions supporting operating departments resulting from the service levels to be provided by the successor Des Peres Municipal District.

Pensions – Des Peres Municipal Pension Plan is a 401 Defined Contribution Plan and there are no unfunded pension liability associated therewith to be carried over to the new municipal district. Current obligations are embedded in departmental operations budgets.

Debt Service – for purposes of this analysis, Des Peres current obligations for Debt Service ($1,455,000) in 2019 has been deleted from the analysis since all outstanding debt will be retired in 2020 before the effective date of the proposed reorganization.

Capital Improvements – the City of Des Peres currently receives $2.5 million from the capital improvement sales tax none of which is dedicated to repayment of outstanding general Obligation Bonds or Certificates of Participation. It is assumed that the proceeds from the capital improvement sales tax would not be remitted to the municipal district by Metro City. The adjusted 2019 budget deletes all projects or equipment relating to functions which are transferred to the metropolitan city (the largest of which is transportation and streets) and includes only equipment relating to fire-ems, parks & recreation and maintenance of public buildings being retained by the municipal district.

General Fund **Public Safety Fund** **Fire Fund**	**BUDGET** **2019**	**Changes** **Better Together**	**Municipal District** **2019 Budget**
REVENUES			
Real Estate Taxes	-		
Sales & Use Tax	**5,920,000**	(5,920,000)	-
Intergovernmental Revenue	**783,500**	(783,500)	-
Franchise Fees	**1,167,000**	-	1,167,000
Licenses	**1,114,000**	(1,114,000)	-
Permits	**176,000**	(168,000)	8,000
Municipal Court	**103,000**	(103,000)	-
Ambulance Fees	**265,000**		265,000
Interest Income	**75,000**		75,000
Contracts, Grants and Donations	**150,000**	(135,000)	15,000
Other Income	**65,000**		65,000
Total General Fund Revenues	**9,818,500**	-8,223,500	1,595,000
Total Public Safety Fund Rev	**454,447**	-450,000	4,447
Total Fire Fund Revenues	1,561,000	0	1,561,000
	11,833,947	-8,673,500	3,160,447
EXPENDITURES			
Boards & Commissions	**158,755**	-	158,755
Administration	**486,885**	-	486,885
Court & Law	**153,300**	(153,300)	-
Prosecuting Attorney	**104,180**	(104,180)	-
Finance	**541,690**	-	541,690
Public Safety	**7,420,965**		-
Police		(3,710,483)	
Fire			3,710,483
Public Works	**516,325**	(516,325)	-
Streets	**1,161,850**	(1,161,850)	-
Sanitation	**788,730**		788,730
Government Center	**136,280**		136,280
Information Technology	**211,520**	(20,000)	191,520
Total Operating Budget	**11,680,480**	**(5,666,138)**	6,014,343
CHANGES IN FUND BALANCE			
Excess of Revenues-Expenses	**153,467**		**-2,853,896**
Transfer from Capital Imp Fund	**6,500**	(6,500)	-
Transfer from Park Fund	**7,500**	(7,500)	-
Transfer from Sewer Fund	**15,000**	(15,000)	-
Transfer to Capital Imp Fund	-		
Transfer to Debt Service Fund	-		
Transfer to Park Fund	-		
Net Changes to Fund Balance	182,467	-29,000	**$ (2,853,895.50)**
Beginning Fund Balance	7,629,331		7,821,804
Ending Fund Balance	7,811,798		4,967,909

PARK FUND

	2019 BUDGET	PARK FUND BUDGET 2019	Changes Better Together	Municipal District 2019 Budget
REVENUES				
	Park Sales Tax	3,037,000	(3,037,000)	-
	Interest Income	50,000		50,000
	Contract Revenue	6,000		6,000
	Rental Income	290,000		290,000
	Memberships	1,600,000		1,600,000
	Concessions & POS	83,900		83,900
	Daily Fees	278,000		278,000
	Aquatics	233,500		233,500
	Fitness	395,000		395,000
	General Recreation Programs	148,000		148,000
	Sports	136,000		136,000
	Grants & Donations	12,000		12,000
	Miscellaneous	-		-
	TOTAL REVENUES	6,269,400	(3,037,000)	3,232,400
APPROPRIATIONS				
	Lodge Operations	2,292,425		2,292,425
	General Recreation Programs	120,480		120,480
	Aquatics	134,155		134,155
	Sports	115,055		115,055
	Fitness	307,210		307,210
	Building Operations	1,340,005		1,340,005
	Parks	824,245		824,245
	TOTAL EXPENSES	5,133,575	-	5,133,575
CHANGES IN FUND BALANCE				
	Excess Revenues over Expenses	1,135,825		(1,901,175)
	Transfer to Debt Service Fund	(1,050,000)	1,050,000	-
	Transfer to Capital Imp Fund	(1,207,000)	-	(1,207,000)
	Transfer to General Fund	(7,500)	7,500	-
	Transfer From General Fund	-		-
	Net Changes to Fund Balance	(1,128,675)	1,057,500	**$ (3,108,175.00)**
	Beginning Fund Balance	**4,148,425**		
	TOTAL ENDING FUND BALANCE	**3,019,750**		

CAPITAL IMPROVEMENT FUND

2019 BUDGET		CIF BUDGET 2019	Changes Better Together	Municipal District 2019 Budget
REVENUES				
	Capital Sales Tax	2,630,000	(2,630,000)	-
	Interest Income	56,500		56,500
	Sale of Surplus Property	10,000		10,000
	Infill Housing Assessments	50,000	(50,000)	-
	Grants- Police	3,750	(3,750)	-
	Grants- Streets	16,000	(16,000)	-
	Grants - Parks	370,000		370,000
	Miscellaneous	805		805
	TOTAL REVENUES	3,137,055	(2,699,750)	437,305
	Sewer Fund Revenues	90,000	(90,000)	-
		3,227,055		437,305
APPROPRIATIONS				
	Furnishings & Equipment			
	General Government	100,000		100,000
	Public Safety - General	27,500		27,500
	Public Safety - Police	128,500	(128,500)	-
	Public Safety- Fire & EMS	68,500	-	68,500
	Public Work	22,500	(22,500)	-
	Streets	175,000	(197,500)	(22,500)
	Solid Waste Management	2,500		2,500
	The Lodge	288,200		288,200
	Parks	69,000		69,000
		881,700	(348,500)	533,200
	Streets			
	Sidewalks	100,000	(100,000)	-
	Asphalt Street Improvements	561,035	(561,035)	
	Concrete Street Improvements	596,420	(596,420)	-
	Bridge Improvements	10,000	(10,000)	-
	Other Street Projects	229,200	(229,200)	
	Forestry - Street Trees	50,000	(50,000)	-
		1,546,655	(1,546,655)	0
	Public Buildings			
	Government Center	74,200	-	74,200
	Public Safety	20,000	(20,000)	-
	Street Garage	49,000	(49,000)	-
	The Lodge Des Peres	96,500		96,500
	Parks	1,697,000		1,697,000
		1,936,700	(69,000)	1,867,700
	TOTAL APPROPRIATIONS	4,365,055	(1,964,155)	2,400,900
	Sewer Fund Expenses	83,000	(83,000)	-
		4,448,055		2,400,900
CHANGES IN FUND BALANCE				
	Excess Revenues over Expenses	-1,221,000		-1,963,595
	Transfer to General Fund	-6,500	6,500	-
	Transfer From Fire Fund	27,500	-	27,500
	Transfer from PS Fund	0		-
	Transfer From Park Fund	1,207,000	-	1,207,000
	Transfer from Sewer Fund	-15,000	15,000	-
	Net Changes to Fund Balance	-8,000	21,500	**$ (729,095.00)**
	Beginning Fund Balance	**3,872,815**		3,872,815
	TOTAL ENDING FUND BALANCE	**3,864,815**		3,143,720

Officials from the **City of Eureka** indicated they have reviewed the initiative petition and determined the estimated costs this measure would have on their city. Based on the change from the original petition that addressed how the executive person would be elected, there is no change to the financial impact this would have on their city. They provided the following suggestions for inclusion in the fiscal note as to how this proposal will impact their city that have been submitted with prior fiscal notes.

The proposal as presented will strip all sales tax revenue not associated with debt from their city. During the fiscal year end (FYE) 2019, their city would lose approximately $2,525,000 of general sales tax, not associated with debt, under the initiative plan. Sales tax revenues fund Administration, Code Enforcement, Economic Development, Police, Court and Public Works. Under the proposed initiative, the Metropolitan City will assume all departments except for Administration. It is budgeted that the Administration Department will expend approximately $1,100,000 on payroll and operating expenses during FYE 2019, which would be funded by real property, personal property and gross tax receipts under the initiative plan. Their city estimated real property, personal property and gross receipt tax receipts are $2,317,000 for FYE 2019. Under the plan, it is unclear if this surplus will be retained by their city for future operating and capital expenses. In the event that there is a deficit, the District could be required to increase local taxes on personal property, real property and gross receipt taxes.

Their city currently receives approximately $1,200,000 from Capital Improvement Sales Tax, of which $685,700 is committed to paying off debt for Water System Enhancements and the Timbers Recreation Center. The remainder is used to fund capital expenditures such as vehicles, equipment, storm water management, Parks Department projects and Water and Sewer Department projects. The loss of this revenue will impact the water and sewer systems and the Park Department as noted below.

Their city operates a water and sewer system. The revenues and expenditures are recorded in two Enterprise Funds. It is projected that the water and sewer system Enterprise Funds will have to be subsidized by the General Fund in FYE 2021. Under the initiative petition, it is unclear how their city could subsidize the shortfall, if at all. The Capital Improvement Sales Tax funds capital improvements and major repairs to infrastructure of the water and sewer systems. The loss of the Capital Improvement Sales Tax not associated with debt would prohibit capital improvement projects and major repairs to the water and sewer systems. It is possible that the water and sewer systems would have to be sold, creating a loss of service or significant rate increases to the residents of their city.

The Parks Department will require a transfer beginning in FYE 2020 from the Capital Sales Tax fund to fund capital projects in the amount of $500,000. This transfer is considered in perpetuity. With the loss of this sales tax, the Parks Department would not be able to maintain or upgrade capital items. This would likely result in a loss of service or increased fees to the residents of their city or the Park Department being absorbed by the Metropolitan City.

There are other costs that are not easily measured. Under the plan, the Metropolitan City would assume all of the assets of their city. This will eliminate most to their city's balance sheet creating an unstable financial position. This could result in an elimination or withdraw of bond rating and higher borrowing costs. Since it is unclear how outstanding obligations are to be handled, the sources of revenues described in the Official Statement will change, and management of their city's finances and economic development described in the Official Statement will change, making their city vulnerable to investor litigation.

This initiative would eliminate any control their city would have over economic development. Costs associated with the loss of economic development cannot be identified at this time.

Officials from the **City of Florissant** indicated:

CITY OF FLORISSANT

Honorable Thomas P. Schneider, Mayor

April 3, 2019

Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

email: fiscalnote@auditor.mo.gov

Re: Fiscal Note addressing Initiative Petition 20-054 Proposing to Amend Article VI
City of Florissant, MO

Dear Ms. Galloway:

It is our understanding that the State Auditor's Office is required to submit a Fiscal Note and Fiscal Note Summary under section 116.332 RSMO on all initiative petitions. Please accept the following information for inclusion in the fiscal note as to how this proposal will impact local government and specifically City of Florissant.

This proposal strips all existing municipalities in St. Louis County of substantial revenues including sales tax and any revenues associated with Courts, Police, Business Licenses and Regulations, Roads & Bridges which by current statutes are remitted to cities in St. Louis County.

While the proposal also strips from cities (Municipal Districts), all responsibility and associated costs for; Court, Police, Business Regulation including zoning, permits and general economic development, the net result will be a substantial deficit for the remaining Municipal District.

While some reduction in service levels and expenses would be appropriate, the end result would be requirement to substantially increase local taxes on the property owners in the surviving Florissant Municipal District focused on only three options: 1) a substantial real estate and personal property tax; 2) a substantial increase in gross receipts taxes on utilities (passed through to the underlying customer); and/or 3) an increase in fees charged by the Florissant Municipal District for parks and recreation fees.

CITY HALL
955 Rue St. Francois
Florissant, MO 63031
314 / 921-5700
Fax: 314 / 921-7111
TDD: 314 / 839-5142

POLICE DEPARTMENT
1700 North Highway 67
Florissant, MO 63033
314 / 831-7000
Fax: 314 / 830-6045

PARKS DEPARTMENT
#1 James J. Eagan Drive
Florissant, MO 63033
314 / 921-4466
Fax: 314 / 839-7672

HEALTH DEPARTMENT
#1 St. Ferdinand Drive
Florissant, MO 63031
314 / 839-7654
Fax: 314 / 839-7656

MUNICIPAL COURT
1055 Rue St. Francois
Florissant, MO 63031
314 / 921-3322
Fax: 314 / 839-7663

www.florissantmo.com

City of Florissant 2019 Budget and Impact of Better Together Proposal

2019 Budget	Total	General Fund	Park Improvement Fund	Property Maintenance Fund	Capital Fund	Street Fund	Public Safety Fund	Sewer Lateral Fund
Revenues	38,810,657	23,833,321	4,068,400	390,800	3,766,528	3,603,608	2,600,000	548,000
Expenses	39,473,421	24,409,856	4,235,020	376,000	3,649,900	3,582,010	2,551,800	668,835
Surplus (Deficit)	(662,764)	(576,535)	(166,620)	14,800	116,628	21,598	48,200	(120,835)

Post Better Together	Total	General Fund	Park Improvement Fund	Property Maintenance Fund	Capital Fund	Street Fund	Public Safety Fund	Sewer Lateral Fund
Revenues	9,965,527	9,965,527	-	-	-	-	-	-
Expenses	13,702,594	9,495,074	3,695,020	-	512,500	-	-	-
Surplus (Deficit)	(3,737,067)	470,453	(3,695,020)	-	(512,500)	-	-	-

Annual Debt Service	Total
Park Improvements	880,000
Capital Improvements	400,000
Justice Center Building	132,000

In the case of Florissant, the net result of the changes proposed in the Constitutional Amendment is a deficit to the surviving Florissant Municipal District of nearly $3.8 Million annually with no funds allocated for capital equipment or projects.

Florissant currently allocates over $3.6 Million from the Capital Improvement Sales Tax for Capital Improvement Projects. Post Better Together the City will not have the funds for necessary on-going capital improvements.

Additionally, Florissant currently allocates over $3.5 Million from the Park Improvement Sales Tax to support its extensive parks and recreation system and will result in the loss of this valuable public amenity.

Attached you will find the City of Florissant Resolution #1007 passed by the Florissant City Council and Mayor opposing unifying the City of St. Louis and St. Louis County into a new form of government currently referred to as a "Metropolitan City" through Constitutional Amendment.

If you have any questions regarding our analysis please feel free to contact me at 314-839-7610 or email kjohnson@florissantmo.com.

Sincerely,

Kimberlee L. Johnson

Kimberlee L. Johnson
Director of Finance
City of Florissant, Missouri

INTRODUCED BY COUNCIL AS A WHOLE
FEBRUARY 25, 2019

RESOLUTION NO. 1007

A RESOLUTION OPPOSING UNIFYING THE CITY OF ST. LOUIS AND ST. LOUIS COUNTY INTO A NEW FORM OF GOVERNMENT, CURRENTLY REFERRED TO AS A "METROPOLITAN CITY," THROUGH CONSTITUTIONAL AMENDMENT, AS IT WOULD DISENFRANCHISE LOCAL VOTERS BY SUBMITTING A PURELY LOCAL MATTER TO A STATE-WIDE REFERENDUM AND SUBJUGATE THE WILL OF THE VOTERS IN THOSE POLITICAL SUBDIVISIONS TO THE WILL OF THE MANY.

WHEREAS, the Florissant City Council and Mayor promote the goals of economic development, public safety, and efficient use of tax dollars in local government and believes that such decisions in furtherance of those goals must be made directly by the voters of those localities or through their elected officials; and

WHEREAS, the Florissant City Council and Mayor believe, as did President Thomas Jefferson, that "The government closest to the people serves the people best," and believes that local government is the foundation of American democracy, designed specifically to be accountable, available, and answerable to the taxpayer; and

WHEREAS, the Florissant City Council and Mayor believe that the right to vote is fundamental to the citizens of our nation, and the right to vote on purely local interests is fundamental to the citizens of those specific localities; and

WHEREAS, the Florissant City Council and Mayor maintain that, when matters pertain solely to the interests of the citizens of a specific local governmental entity, the will of those citizens should not be subjugated to the will of the many who do not necessarily share those specific, common interests; and

WHEREAS, the Florissant City Council and Mayor have concerns regarding the proposal to unify the City of St. Louis and St. Louis County into a new form of government, currently referred to as a "Metropolitan City," through an amendment to the Missouri Constitution; and

WHEREAS, the Florissant City Council and Mayor have concerns that the process currently proposed for such action would entail a state-wide referendum to decide matters concerning only the citizens of the City of St. Louis and St. Louis County; and

WHEREAS, the Florissant City Council and Mayor note that a process currently exists under the Missouri Constitution which allows the voters of the City of St. Louis and St. Louis County, independently, to approve and effectuate a substantial portion of the changes necessary to complete the merger proposed; and

WHEREAS, the Florissant City Council and Mayor contend that this process outlined in Article VI, Sections 30(a)-30(b) of the Missouri Constitution (more commonly known as the "Board of Freeholders" process which the Municipal League of Metro St. Louis is currently collecting signature petitions for.) grants the citizens of these political subdivisions the opportunity to petition the local governments for the changes desired and to approve these changes by a referendum of local voters.

NOW, THEREFORE, BE IT RESOLVED BY THE FLORISSANT CITY COUNCIL AND MAYOR AS FOLLOWS:

Section 1. The Florissant City Council and Mayor hereby oppose unification of the City of St. Louis and St. Louis County into a new form of government by means that would not allow the citizens of those political subdivisions to vote on their fate independently first, as it would disenfranchise local voters by submitting a purely local matter to a state-wide referendum; subjugate the will of the voters in those political subdivisions to the will of the many; and raise potential issues under the Equal Protection Clause of the Fourteenth Amendment of the United States Constitution.

Section 2. The Florissant City Council and Mayor recommend that, to the extent possible, any process to unify the City of St. Louis and St. Louis County first be achieved by local petition, proposal, and popular vote through a "Board of Freeholders" process pursuant to Article VI, Sections 30(a)-30(b) of the Missouri Constitution, so that the local voters directly affected by such unification may have their say before being subject to the vote of the entire state.

Section 3. Florissant City Staff shall forward a certified copy of this Resolution to Missouri state legislators and/or representatives and as many affected stakeholders who can be identified.

PASSED THIS 25TH DAY OF FEBRUARY 2019.

Jeff Caputa
Council President

Thomas P. Schneider
Mayor

ATTEST:

Karen Goodwin, MPPA/MMC/MRCC
City Clerk

Officials from the **City of Hazelwood** indicated the analysis that they performed to determine their response is in the following financial information. All of the figures presented were taken from the City of Hazelwood Budget for the FYE ended June 30, 2019.

City of Hazelwood

Revenues lost to Municipal City		Costs turned over to Metropolitan City		
General Fund				
1% Sales Tax A	1,948,430	Police	8,483,044	
1% Sales Tax B	1,800,386			
Park and Stormwater	1,698,218	City Manager	623,361	
Use Tax	1,532,249	City Manager	(137,363)	Keep
Fire Sales Tax	847,277	Benefits	(41,209)	Keep
1/4% Local Sales Tax	701,059	Other Expense (est)	(31,000)	Keep
1/2% Public Safety Sales Tax	1,200,000			
Hotel/Motel Tax	226,649	Information Systems		
		1 employee	61,399	
Cigarette Tax	71,679	Benefits	18,420	
Gasoline Tax	693,418			
Road & Bridge Refund	492,422	Public Works Admin	1,313,270	
Vehicle Fee Increases	112,726			
Misc Intergovernmental	231,726			
State Grants	85,450	Streets	995,735	
Other Grants	110,886			
		Finance		
Building	384,942	2 Employees	106,579	
Occupancy	185,723	Benefits	31,974	
Land Disturbance Permit	5,500			
Nuisance Properties/Vacant	45,000	City Clerk		
Manufacturers	1,270,683	ACC	49,420	
Service	1,162,925	Benefits	14,826	
Merchants	609,317			
Liquor	11,500			
Coin Device	2,740	Legal	436,864	
Franchises	239,305	City Attorney	(185,000)	Keep
		Labor Attorney	(18,000)	Keep
Court Fines	542,458	Prosecutor	25,000	
Fines-Training	15,103			
Penalties (Lic. & Prop)	9,972	Court	214,740	
Investment (one half budget)	26,000			
Miscellaneous, Other	114,031			
Court Card Fees	3,200			
P-Card Fees	1,300		11,962,060	
ePayables Rebate	3,300			
Guaranty Assessment	130,000			
	16,515,574			
Economic Development	1,653,276		1,653,276	
	(142,358)	Less Debt Service	(142,358)	Keep
Capital Improvement	1,676,874		1,676,874	
	(551,194)	Less Debt Service	(551,194)	Keep
Revenues	19,152,172		14,598,658	
Revenues Lose	(19,152,172)			
Expenditures removed	14,598,658			
Net	(4,553,515)			

Officials from the **City of Kirkwood** indicated:

WHERE COMMUNITY AND SPIRIT MEET

April 5, 2019

Honorable Nicole Galloway
State Auditor
State Capital Building
Jefferson City, Mo 65101

RE: Fiscal Note regarding Constitutional amendment (20-042) City of Kirkwood, Missouri

Dear Ms. Galloway:

I understand that the State Auditor's Office is required to submit a Fiscal Note and Fiscal Note Summary under section 116.332 RSMO on all initiative petitions. Please accept the following suggestions for inclusion in the fiscal note as to how this proposal will impact local government in the St. Louis region. Specific example is for the City of Kirkwood.

SUMMARY:

The proposal as presented strips all existing municipalities in St. Louis Count of substantial revenues including sales taxes and any revenues associated with courts, police, business licenses, and regulations and roads which by current statutes are remitted to cities in St. Louis County . While the proposal also strips from cities (now called Municipal Districts) all responsibility and associated costs for court, police, business regulation including zoning, permits and general economic development, the net result will be a substantial deficit for the remaining municipal district that may require service reductions and/or substantial increases in real state or utility taxes.

In the case of Kirkwood, the net result of the changes proposed in the Constitutional Amendment is a deficit for the surviving Kirkwood Municipal District of nearly $2,144,551 per year with no funds allocated for capital equipment or projects. (Kirkwood currently allocates $4.7 million per year from the capital improvement sales taxes for capital equipment and projects) Post Better Together we will not have the

funding for crucial capital equipment. For example in our fire department we have scheduled replacements of ambulances and fire rescue pumpers. Post Better Together leaves us with the responsibility of fire rescue and emergency response with no funding for any of the equipment needed for this operation.

While some reduction in service levels and expenses would be appropriate, the end result would be requirement to substantially increase local taxes on the property owner's in the surviving Kirkwood Municipal District focused on three options: 1) a substantial real estate and personal property tax; 2) a substantial increase in gross receipts taxes on utilities (passed thru to the underlying customer); an increase in the fees charged by the Kirkwood Municipal District for parks & recreation fees.

2019/2020 Budget	General Fund	Capital Improvement	Parks/Stormwater Capital	Park Fund
Revenues	23,182,471	6,299,750	2,644,822	2,024,532
Expenses	24,994,874	5,687,796	2,010,687	1,673,874
Transfers IN (Out)	2,055,489	1,966,845	(1,030,000)	621,120
Surplus/(Deficit)	243,086	2,578,799	(395,865)	971,778
Post Better Together	**General Fund**	**Capital Improvement**	**Parks/Stormwater Capital**	**Park Fund**
Revenues	13,094,960	-	1,318,307	1,474,532
Expenses	15,040,169	-	1,318,307	1,673,874
Transfers IN (Out)	-	-	-	71,120
Surplus/(Deficit)	(1,945,209)	-	-	(199,342)

1. Expenses in pre Better Together 2019/2020 General Fund are estimated at 95% of budgeted amount.

2. Parks/Stormwater monies(post Better Together) are for debt service

3. Kirkwood's capital improvement and parks/stormwater capital improvement sales taxes will no longer be available post Better Together.

4. Park Fund would lose a transfer from the Parks/Stormwater Fund (post Better Together) in the amount of $550,000

The Kirkwood Municipal District to cover our proposed post Better Together deficit would need a substantial increase in real estate taxes and/or utility gross receipts taxes.

If you have any questions regarding the City of Kirkwood's analysis please call me at 314-822-5833 or e-mail me at adamsjr@kirkwoodmo.org.

Sincerely,

John Adams

John Adams
Director of Finance
City of Kirkwood
139 S. Kirkwood Rd
Kirkwood, MO 63122

Officials from the **City of Manchester** indicated:

Combined Statement of Budgeted Revenues, Expenditures and Changes in Fund Balance - All Funds	2019 Budget	Petition Modification Estimate	Post Petition
REVENUES:			
Property Taxes	$ 2,632,132	$ (307,000)	$ 2,325,132
Sales Taxes	$ 14,070,000	$ (8,900,000)	$ 5,170,000
Utility Taxes	$ 1,635,000		$ 1,635,000
Intergovernmental Taxes	$ 2,387,000	$ (2,387,000)	$ -
Licenses and Permits	$ 471,950	$ (471,950)	$ -
Charges for Servcies	$ 433,924		$ 433,924
Court Receipts	$ 230,000	$ (230,000)	$ -
Other Revenues	$ 339,800		$ 339,800
TOTAL REVENUE	$ 22,199,806	$ (12,295,950)	$ 9,903,856
EXPENDITURES:			
Boards & Commissions	$ 63,625		$ 63,625
City Administration	$ 619,964		$ 619,964
Finance	$ 622,656		$ 622,656
Information Technology	$ 282,050		$ 282,050
Police Department	$ 3,986,275	$ (3,986,275)	$ -
Parks			$ -
Parks & Rec	$ 954,187		$ 954,187
Aquatics	$ 347,600		$ 347,600
Arts	$ 28,515		$ 28,515
Public Works	$ 2,731,245	$ (1,931,245)	$ 800,000
(Garbage Collection)		$ 932,800	$ 932,800
Planning & Zoning	$ 319,032	$ (119,032)	$ 200,000
Legal/Courts	$ 254,155	$ (254,155)	$ -
Capital Items for All Departments	$ 9,245,074		$ 9,245,074
Debt Service	$ 913,833		$ 913,833
Tax Increment Financing	$ 6,894,660		$ 6,894,660
TOTAL EXPENDITURES	$ 27,262,871	$ (5,357,907)	$ 21,904,964
Change in Fund Balance	$ (5,063,065)	$ (6,938,043)	$ (12,001,108)

Officials from the **City of Overland** indicated:

CITY OF OVERLAND

9119 Lackland Road, Overland Mo 63114

April 4, 2019

Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, Missouri 65101

RE: Fiscal Note Regarding Constitutional Amendment to Article VI (2020-054)
City of Overland, Missouri

Dear Mrs. Galloway:

Please accept and consider the contents of this letter in drafting your fiscal note for initiative petition #2020-054 required under Section 116.332, RSMO on all initiative petitions. Specific example is given for the impact on the City of Overland.

SUMMARY:

The proposal as presented strips all existing municipalities in St Louis County of substantial revenues including sales tax and any revenues associated with courts, police, business licensing and regulations and roads which by current statutes are remitted to cities in St Louis County. While the proposal also strips from cities (now called Municipal Districts) all responsibility and associated costs for courts, police, business regulation including zoning, permits and general economic development, the net result will be a substantial deficit for the remaining municipal district that will require either dissolution or substantial increases in real estate or utility taxes.

In the case of the City of Overland, the net result of changes proposed in the Constitutional Amendment is a ***deficit*** for the surviving Overland Municipal District of approximately $362,767.00, across all funds, per year with no funds allocated for capital equipment or projects. We would anticipate the need to average $330,000.00 per year for parks, recreation and maintenance of public facilities. Overland currently allocates approximately $950,000.00 per year from the capital improvement sales tax for capital equipment and projects with over 50% allocated to streets.

While some reduction in service levels and expenses would likely be appropriate, the result would require a significant increase in local taxes on the property owners or an increase in fees for the user of our parks and recreation facilities. Potential areas of increase would be limited to only three options: (1) a substantial real estate and personal property tax); (2) a substantial increase in gross receipts taxes on utilities (passed thru to the underlying customers); or (3) an increase in fees charged by the city related to parks & recreation fees.

For purposes of this analysis, we have adjusted the current FY 18/19 Overland Budget to show the fiscal impact of Better Together Proposal if it were in place for this year.

FY 18/19 Budget

Current	General Fund	Park Fund	Cap. Imp. Fund	Total
Revenues	$8,566,045.00	$1,000,100.00	$950,100.00	$10,516,245.00
Expenses	$8,517,933.00	$990,390.00	$794,700.00	$10,303,023.00
Surplus (Deficit)	**$48,112.00**	**$9,710.00**	**$155,400.00**	**$213,222.00**

After BT	General Fund	Park Fund	Cap. Imp. Fund	Total
Revenues	$2,580,475.00	$0.00	$0.00	$2,580,475.00
Expenses	$1,627,617.00	$979,625.00	$336,000.00	$2,943,242.00
Surplus (Deficit)	**$952,858.00**	**($979,625.00)**	**($336,000.00)**	**($362,767.00)**

Footnotes:

1. This analysis is a restatement of our current FY 18/19 Budgets assuming the Better Together proposal was in effect on July 1, 2018.
2. The General Fund is used to account for all general operating expenses for all departments except for the Parks and Recreation Department, Community Center, Summer Youth Program and building maintenance at 2500 Ashby Road.
3. The Park Fund is used to account for all expenses related to the Parks and Recreation Department, Community Center, Summer Youth Program and building maintenance at 2500 Ashby Road.
4. Post Better Together, all expenses related to Parks and Recreation Department, Community Center, Summer Youth Program and building maintenance at 2500 Ashby Road would have to be paid for out of the General Fund as revenue from the Parks Sales Tax would go to the Metro City not the Overland Municipal District.
5. Capital Budgets: the city has funded an average of $950,000.00 in capital projects per year utilizing a 0.5% capital improvement sales tax. No funds will be available as a dedicated income to the capital fund post Better Together.

Major assumptions used in this analysis are attached hereto as Exhibit "A" along with associated excel spreadsheets using our FY 18/19 budget as our baseline.

If you have any questions regarding this analysis, please feel free to contact me at (314) 227-2911 or by e-mail at jmcconachie@overlandmo.org.

Sincerely,

Jason McConachie
City Administrator
City of Overland, Missouri

CITY OF OVERLAND
9119 Lackland Road, Overland Mo 63114

EXHIBIT A

MAJOR ASSUMPTIONS IN THE ANALYSIS:

REVENUES:

Sales Taxes – Currently the city receives revenue from a 1.25% general sales tax (shared in St Louis County), a 0.5% Parks Sales Tax and a 0.5% Capital Sales Tax (shared in St Louis County).

Under the proposed constitutional amendment, all sales and use taxes will go to the new Metropolitan City and no longer to current municipalities. The proposal provides that those taxes remain in place in the areas of the municipal districts and the Metro City shall remit to the municipal district those sales tax revenues necessary to meet outstanding obligations of any kind (which we assume to mean pensions and bonds tied to the revenue source) and may remit any remaining balance to the municipal district as necessary for providing municipal services within the district. Since the pass-thru of sales and use tax is discretionary and associated with a finding of "necessity" by the new Metropolitan City, these projections assume that no pass thru for dedicated sales taxes for municipal services.

Utility Taxes – Assumes no decrease or rate cap in Utility Tax Rates in future years. The concept of a reduction or a rate cap routinely seems to be a topic of discussion by the Missouri General Assembly. Any reduction or rate cap below our current rates would result in a reduction in revenue for the Municipal District.

Intergovernmental Revenues – are assumed under the proposal to be redirected by the state to the Metro City since the Overland Municipal District is not a city under state law. Further, most of the shared revenues from the state are related to transportation – a function defined as a service reserved to the Metro City and not the municipal districts.

Licenses – all business license fees including merchants and liquor licenses are under the proposal the sole jurisdiction and are to be levied by the Metro City and not the municipal districts.

Permits – the proposal provides that all "public works" is reserved to the Metro City and not a function of the municipal district. While that term is not defined in the proposal, the prevailing document for interpretation is the current St Louis County Charter which provides for a Department of Public Works with responsibility for all "permits" which are assumed to include all building and related permits. That revenue, along with the responsibility for those services, would appear to be assigned to the Metro City and not the municipal district

Municipal Court - all municipal court functions are assigned by the proposal to the Metro City and one would then assume that all fines, costs and forfeitures would also flow to the Metro City.

EXPENSES:

The proposal assigns as the sole responsibility of the Metropolitan City certain functions currently provided by the City of Overland including police, courts, business licensing and regulation, transportation, public works and economic development. Therefore, it is assumed that 100% of those costs for the city contained in its current budget for both operating and capital purposes will no longer be necessary and the Overland Municipal District budget reduced accordingly.

Expenses relating to Administration, Finance, MIS and Parks & Recreation and pension obligations are retained as municipal district services and the costs associated with each such service are carried forward to the adjusted municipal district budget. One can assume that additional reductions related to Administration, Finance, MIS and Parks & Recreation may occur in the future, however given that the proposal does not address a multitude of operational issues of the new metro city, those assumptions have not been incorporated into this analysis.

Pensions – The City of Overland maintains both a non-uniform and uniform (Police) pension plans. The Non-Uniform Pension Plan is funded through General Fund revenues of the City at a cost of approximately $500,000.00 per year. The Uniform Pension Plan is funded through a dedicated property tax at a cost of approximately $650,000.00 per year.

The proposal notes that the financial obligation related to the pensions are the responsibility of the Municipal District and that *any tax, license, fee or special assessment levied or imposed for the satisfaction of the financial obligation shall continue to be levied or imposed within the territory until such obligation is satisfied.* What is unclear is what specific "tax" is being referred to here. For the purposes of this analysis the assumption is that the tax being referred to is a property tax as that is the only tax that a municipal district will be authorized to levy.

Capital Improvements – the City Overland currently receives approximately $950,000.00 from the capital improvement sales tax. It is assumed that the proceeds from the capital improvement sales tax would not be remitted to the municipal district by Metro City. The adjusted FY 18/19 Budget deletes all projects or equipment relating to functions which are transferred to the metropolitan city (the largest of which is transportation and streets) and includes only equipment relating to street lights, parks & recreation and maintenance of public buildings being retained by the municipal district.

Parks Sales Tax – The City currently receives approximately $1,000,000.00 from the Parks Sales Tax. It is assumed that the proceeds from the Parks Sales Tax would not be remitted to the municipal district by Metro City. The adjusted FY 18/19 Budget transfers all expenses currently accounted for the in the Park Fund to the General Fund. Those expenses include costs associated with the operation of the Parks Department, Community Center, and maintenance of 2500 Ashby Road. Expenses related to the Summer Youth Program that are previously accounted for in the Park Fund would be eliminated.

CITY OF OVERLAND - REVENUES

General Fund

Description	FY 18/19 Budget	After BT	Difference
Taxes			
Total Sale Taxes - General	$3,350,000.00	$0.00	($3,350,000.00)
Total Property Taxes - General	$160,000.00	$160,000.00	$0.00
Taxes - Total	**$3,510,000.00**	**$160,000.00**	**($3,350,000.00)**
Intergovernmental			
Total Motor Vehicle Taxes - General	$200,000.00	$0.00	($200,000.00)
Total Gasoline Tax - General	$425,000.00	$0.00	($425,000.00)
Total Cigarette Tax - General	$62,000.00	$0.00	($62,000.00)
Total Road & Bridge Tax - General	$213,000.00	$0.00	($213,000.00)
Intergovernmental - Total	**$900,000.00**	**$0.00**	**($900,000.00)**
Franchise Fees			
Total Utilities Tax - General	$2,053,255.00	$2,053,255.00	$0.00
Total Cable Tax - General	$155,000.00	$155,000.00	$0.00
Franchise Fees - Total	**$2,208,255.00**	**$2,208,255.00**	**$0.00**
Licenses			
Total Merchant Licenses- General	$442,000.00	$0.00	($442,000.00)
Total Manufacturers Licenses - General	$575,000.00	$0.00	($575,000.00)
Total Restaurant Licenses - General	$17,000.00	$0.00	($17,000.00)
Total Warehouses Licenses - General	$99,000.00	$0.00	($99,000.00)
Total Liquor Licenses - General	$24,000.00	$0.00	($24,000.00)
Total Miscellaneous Licenses - General	$66,570.00	$0.00	($66,570.00)
	$1,223,570.00	**$0.00**	**($1,223,570.00)**
Permits			
Total License Public Works - General	$8,000.00	$0.00	($8,000.00)
Total Permits Public Works - General	$165,000.00	$0.00	($165,000.00)
Total Misc Public Works - General	$17,000.00	$0.00	($17,000.00)
Permits - Total	$190,000.00	$0.00	($190,000.00)
Other Income			
Total Community Center - General	$127,245.00	$127,245.00	$0.00
Total Municipal Court - General	$209,987.00	$0.00	($209,987.00)
Total Grants - General	$43,585.00	$0.00	($43,585.00)
Total Property Lease - General	$37,000.00	$0.00	($37,000.00)
Total Right of way Usage - General	$25,000.00	$0.00	($25,000.00)
Total Parks & Rec - General	$38,714.00	$34,000.00	($4,714.00)
Total Miscellaneous - General	$50,689.00	$48,975.00	($1,714.00)
Total Investment Income - General	$2,000.00	$2,000.00	$0.00
Other Income - Total	$534,220.00	$212,220.00	($322,000.00)
General Fund - Total	**$8,566,045.00**	**$2,580,475.00**	**($5,985,570.00)**
Capital Improvement Fund			
Total Capital Improvement Fund	$950,100.00	$0.00	($950,000.00)
Park Fund (Park Sales Tax)			
Total Park Fund	$1,000,100.00	$0.00	($1,000,100.00)
Beautification Fund (Billboard Tax)			
Total Beautification Fund	$19,800.00	$0.00	($19,800.00)
Sewer Lateral Fund			
Total Sewer Lateral Fund	$165,000.00	$0.00	($165,000.00)
Asset Forfeiture Fund			
Total Asset Forfeiture Fund	$35,020.00	$0.00	($35,020.00)
D.A.R.E. Fund			
Total D.A.R.E. Fund	$8,000.00	$0.00	($8,000.00)
D.W.I. Fund			
Total D.W.I. Fund	$6,010.00	$0.00	($6,010.00)
Inmate Security Fund			
Total Inmate Security Fund	$6,000.00	$0.00	($6,000.00)
All City Funds - Grand Total	**$10,756,075.00**	**$2,580,475.00**	**($8,175,500.00)**

CITY OF OVERLAND - EXPENSES

General Fund

Description	FY 18/19 Budget	After BT	Difference
General Fund - Administration	$1,009,088.00	$994,588.00	($14,500.00)
General Fund - MIS	$240,423.00	$240,423.00	$0.00
General Fund - Legal	$107,003.00	$0.00	($106,903.00)
General Fund - Public Works	$536,882.00	$67,028.00	($469,854.00)
General Fund - P&Z	$6,500.00	$0.00	($6,500.00)
General Fund - BOAdj	$7,350.00	$0.00	($7,350.00)
General Fund - Streets	$1,324,231.00	$135,093.00	($1,189,138.00)
General Fund - Health	$67,590.00	$9,596.00	($57,994.00)
General Fund - Building Maint.	$290,882.00	$59,114.00	($231,768.00)
General Fund - Police	$4,653,351.00	$89,840.00	($4,563,511.00)
General Fund - Emerg. Prep.	$2,000.00	$0.00	($2,000.00)
General Fund - Muni Court	$272,633.00	$31,935.00	($240,698.00)
General Fund - Total	**$8,517,933.00**	**$1,627,617.00**	**($6,890,216.00)**

Capital Improvement Fund

Description	FY 18/19 Budget	After BT	Difference
Cap. Imp. Fund - Admin	$150,000.00	$150,000.00	$0.00
Cap. Imp. Fund - MIS	$15,000.00	$15,000.00	$0.00
Cap. Imp. Fund - Comm. Center	$66,500.00	$66,500.00	$0.00
Cap. Imp. Fund - Comm. Develop.	$0.00	$0.00	$0.00
Cap. Imp. Fund - Street Department	$383,700.00	$0.00	($383,700.00)
Cap. Imp. Fund - Parkls and Rec	$67,000.00	$67,000.00	$0.00
Cap. Imp. Fund - Health and Rabies	$0.00	$0.00	$0.00
Cap. Imp. Fund - Building Maint.	$37,500.00	$37,500.00	$0.00
Cap. Imp. Fund - Police Department	$75,000.00	$0.00	($75,000.00)
Cap. Imp. Fund - Muni Court	$0.00	$0.00	$0.00
Capital Improvement Fund - Total	**$794,700.00**	**$336,000.00**	**($458,700.00)**

Park Fund

Park Fund - Community Center	$469,101.00	$469,101.00	$0.00
Park Fund - Summer Youth Program	$10,765.00	$0.00	($10,765.00)
Park Fund - Parks Department	$510,524.00	$510,524.00	$0.00
Park Fund - Total	**$990,390.00**	**$979,625.00**	**($10,765.00)**

TOTAL CITY EXPENSES	**$10,303,023.00**	**$2,943,242.00**	**($7,359,681.00)**

Officials from the **City of Pacific** indicated they believe this will cost at least $500,000 in lost revenues annually.

Officials from the **City of Richmond Heights** indicated:

City of RICHMOND HEIGHTS
PROGRESS WITH TRADITION

1330 S. Big Bend Blvd.
Richmond Heights, MO 63117-2294

www.richmondheights.org

April 1, 2019

Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, Missouri 65101

RE: Fiscal Note for Initiative Petition 20-054 proposing to amend Article VI

Dear Ms. Galloway,

It is my understanding the State Auditor's Office is required to submit a Fiscal Note and Fiscal Note Summary under Section 116.322, RSMO on any and all initiative petitions.

Please accept the following for inclusion in the fiscal note for the local government impact of the proposed Constitutional Amendment to Article VI proposed by Better Together, Initiative Petition 20-054.

SUMMARY

The proposal seems to sweep all local sales tax revenues, use taxes, local Road & Bridge sales taxes, business and merchant license fees, and any revenues associated with municipal policing and court fines from all municipalities within St. Louis County, except perhaps the Fire & EMS quarter-cent sales tax and Parks & Stormwater half-cent sales tax. The proposal also removes the power for municipalities in St. Louis County to provide policing, zoning, property maintenance inspections/regulations, permitting, and courts services. It allows for Fire, EMS, parks and recreation, and solid waste removal services to be provided by Municipal Districts, but very little funding to provide such without significant increase in property and real estate taxes.

For the City of Richmond Heights, the net result proposed in the Constitutional Amendment is a deficit of over $5.5 million per year with no revenues for solid waste removal, or capital projects such as road and bridge repairs. Currently, Richmond Heights allocates over $1 million annually for road and bridge maintenance and $1 million annually for solid waste/trash removal.

While the Amendment would allow the discontinuation of some services, the end result would be the dissolution of many municipal services or the need for a substantial increase to property owners in the Municipal District of Richmond Heights through real estate and personal property

taxes; and significant fees for solid waste/trash removal and parks and recreation services and maintenance. Currently, residents pay no fees for solid waste/trash removal service.

FISCAL IMPACT

Please see Estimated 2019 Budget without and with Article VI Better Together Proposal impact:

2019 BUDGET	General Fund	Parks and Rec Fund	Operating Budgets	Capital Budget
Revenues	$13,304,627	$4,626,140	$17,930,767	$2,775,139
Expenses	$13,432,406	$3,757,470	$17,189,876	$1,162,886
Transfers In (Out)	$329,839	($866,071)	($536,232)	($1,354,278)
Surplus (Deficit)	$202,060	$2,599	$204,659	$257,975
Post Better Together				
Revenues	$5,194,404	$3,863,520	$9,057,924	$0
Expenses	$7,032,781	$3,942,958	$10,975,739	$1,403,663
Transfers In (Out)	$63,792	($872,214)	($808,422)	($1,386,213)
Surplus (Deficit)	($1,774,585)	($951,652)	($2,726,237)	($2,789,876)

("General Fund" General Fund and Fire & EMS Services Fund combined.)

Other Assumptions used in this analysis are:

REVENUES
No local sales tax or use tax revenues other than the Fire & EMS quarter-cent sales tax and the Parks and Stormwater half-cent sales tax, no road and bridge tax revenues, no cigarette tax revenues. This does assume all local property tax revenues and utility tax revenues remain with the "municipal district".

EXPENSES
No police, public works, or inspections operations and no police capital purchases

Please contact me at (314) 645-4595 or by email at ahamilton@richmondheights.org should you have any questions regarding the above information.

Sincerely,

Amy Hamilton

Amy Hamilton, ICMA-CM
City Manager

Officials from the **City of University City** indicated:

City of University City
6801 Delmar Boulevard, University City, Missouri 63130, Phone: (314) 505-8544, Fax: (314) 863-0921

April 2, 2019

Honorable Nicole Galloway
State Auditor
State Capital Building
Jefferson City, Missouri 65101

RE: Fiscal Note Regarding Constitutional Amendment to Article VI (2020-054)
City of University City, Missouri

Dear Ms. Galloway:

It's my understanding; the State Auditor's Office is required to submit a Fiscal note and Fiscal Note Summary under Section 116.332, RSMO on all initiative petitions. Please accept the following suggestions for inclusion in the fiscal note as to how this proposal will impact local government in the St. Louis Region. The below example is for the City of University City.

Summary

The proposal as presented strips all municipalities in St. Louis County of sales tax revenues, and any revenues associated with courts, police, business licensing and regulations, and roads. While the proposal also removes from "Municipal Districts" responsibility and costs for courts, police, business regulations including zoning and permits, the end result will be a substantial deficit for the remaining municipal district that will require either dissolution or substantial increases in real estate or utility taxes.

In the case of University City, the net result of changes proposed in the Constitutional Amendment is a deficit for the surviving University City Municipal District of nearly $4.3 million per year. The University City Municipal District would have no funds for capital improvements, such as maintaining our City Hall, Community Center, and capital equipment or projects. University City also operates a Municipal Fire Department, and there would be no funds available for replacing our fire trucks and other costly fire department equipment.

While some reduction in service levels and expense would likely be appropriate, the end result would be requirement to substantially increase local taxes on the property owners in the surviving University City Municipal District. There are three options: (1) increase the real estate and property tax; (2) increase the gross receipts tax on utilities, which are passed thru to the underlying customers; or (3) an increase in fees charged by the City for trash services, parks and recreation fees, and fire inspections.

Adjusted 2019 University City Budget showing the impact of the Better Together proposal:

University City

	General Fund	Capital Improvement	Park & Stormwater	Public Safety	Sewer Lateral	Economic Development Sales tax	Loop Business District
2019 Budget							
Revenues	22,802,800	2,402,000	1,301,000	1,700,000	576,000	703,400	75,000
Expenses	(23,744,300)	(3,197,800)	(1,413,400)	(1,799,300)	(576,000)	(494,400)	(142,300)
Transfers In(Out)	1,058,000	(400,000)	-	(300,000)	-	(133,000)	75,000
Surplus (Deficit)	116,500	(1,195,800)	(112,400)	(399,300)	-	76,000	7,700
Post Better Together							
Revenues	11,753,300	2,000	1,000	-	500	1,000	75,000
Expenses	(10,773,600)	(1,549,800)	(1,413,400)	(1,666,300)	-	(494,400)	(142,300)
Transfers In(Out)	225,000	-	-	-	-	-	75,000
Surplus (Deficit)	1,204,700	(1,547,800)	(1,412,400)	(1,666,300)	500	(493,400)	7,700

	Parkview Garden Special District	Grant	Internal Service Fund	Solid Waste	Public Parking Garage	Golf Course
2019 Budget						
Revenues	95,300	1,077,700	1,559,900	3,122,500	161,200	725,000
Expenses	(94,800)	(1,077,700)	(1,534,000)	(3,263,600)	(158,500)	(715,800)
Transfers In(Out)	-	-	-	(75,000)	-	(150,000)
Surplus (Deficit)	500	-	25,900	(216,100)	2,700	(140,800)
Post Better Together						
Revenues	95,300	-	1,557,900	3,122,500	161,200	725,000
Expenses	(94,800)	-	(1,534,000)	(3,263,600)	(158,500)	(715,800)
Transfers In(Out)	-	-	-	(75,000)	-	(150,000)
Surplus (Deficit)	500	-	23,900	(216,100)	2,700	(140,800)

Footnotes:

1. The "General Fund" comprises the bulk of University City's operations, traditionally including police, fire, planning and development, public works, parks and recreation, facilities maintenance, municipal court, and administration services.
2. The above chart is an assumption restatement of what the University City 2019 Annual Budget would look like assuming the Better Together proposal was in effect on July 1, 2019.
3. The only revenue in the Capital Improvement, Park & Stormwater, and Economic Development Sales Tax Fund would be interest income on the current balance of that fund. The Better Together proposal would require deficit spending in the Capital Improvement Fund, Park & Stormwater Fund, and Economic Development Fund until their fund balance is exhausted, thereby eliminating any interest income and effectively terminating the fund.

The University City Municipal District could help offset the operational deficit created by the Better Together petition IF the City were to take all of its authorized taxes for real estate, personal property and gross receipts to their statutory maximums:

Revenue Source Available	Statutory Maximum	Added Revenue Potential
Real Estate Tax	$ 1.00	1,431,954
Personal Property Tax	$ 1.00	137,440
Gross Receipts Tax on Utilities	10.00%	718,811

Major assumptions used in this analysis were used from the City's 2019 budget as a baseline.

If you have further questions, please feel free to contact me at 314-505-8542 or by email at kcole@ucitymo.org.

Sincerely,

Keith Cole

Keith Cole
Acting Director of Finance
City of University City, Missouri

Matthew A. Jacober, Partner with Lathrop Gage LLP provided the following information:

LATHROP GAGE

MATTHEW A. JACOBER
PARTNER
DIRECT: 314.613.2845

MAIN: 314.613.2800
FAX: 314.613.2801
MJACOBER@LATHROPGAGE.COM
LATHROPGAGE.COM

7701 FORSYTH BOULEVARD, SUITE 500
CLAYTON, MO 63105

April 2, 2019

State Auditor Nicole Galloway
State Capitol, Room 121
Jefferson City, MO 65101

RE: Fiscal concerns regarding Amended Initiative Petition 2020-054 ("Petition")

Dear Auditor Galloway:

As you know, this firm represents the interests of the Police Retirement System of St. Louis ("Retirement System") with respect to the proposed merger of the City and County of St. Louis set forth in Petitioner's Amended Initiative Petition filed on March 25, 2019. The Retirement System reasserts its original position in regard to the Initiative Petition and all amendments thereto.

The Retirement System asks the Auditor to provide a fiscal note that more completely discusses the adverse impact on local governments, retirement plans and citizens and the risks associated with the proponents untested projections as to sales tax revenue and alleged local government expenditure savings.

Thank you for the opportunity to comment.

Very truly yours,

Lathrop Gage LLP

By: _____
Matthew A. Jacober

MAJ/ldc

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LATHROP GAGE

RECEIVED
FEB 19 2019
STATE AUDITORS OFFICE

MATTHEW A. JACOBER
PARTNER
DIRECT: 314.613.2845

MAIN: 314.613.2800
FAX: 314.613.2801
MJACOBER@LATHROPGAGE.COM
LATHROPGAGE.COM

7701 FORSYTH BOULEVARD, SUITE 500
CLAYTON, MO 63105

February 19, 2019

State Auditor Nicole Galloway
State Capitol, Room 121
Jefferson City, MO 65101

RE: Fiscal concerns regarding Initiative Petition 2020-042 ("petition")

Dear Auditor Galloway:

This firm has been retained to represent the interests of the Police Retirement System of St. Louis ("retirement system") regarding the above referenced ballot initiative and the proposed merger of the City and County of St. Louis. In this letter, we will begin to outline our significant concerns with the petition, however, we believe an in-person meeting to review these issues will be best for all involved. The most recent petition was filed on February 11, 2019. Pursuant to the authority set out in section 116.175, RSMo, the retirement system is timely expressing its statement of fiscal impact in accordance with section 23.140, RSMo. If the proposed consolidation initiative is approved by voters, the retirement system is concerned with the cost of the proposed legislation, and the significant direct fiscal impact it has on the City of St. Louis (or the St. Louis Municipal Corporation) to provide the required future employer contributions to the retirement system. We urge your office to consider the fiscal impact on local government entities who will become not only a taxing sub-district of the Metro City but also a separate taxing district – and exactly how this revision will affect their ability to meet current statutory obligations. The proposed constitutional amendment is voluminous and has far reaching impact. It deserves a comprehensive fiscal review.

Sections 86.200-86.366, RSMo controls the retirement system. Since October 1, 1957 this system has helped to ensure the financial security of Police Officers and their dependents. The board of trustees of the retirement system certifies every year the cost of one-half of the expenses for the next year and the cost of benefits as determined by section 86.337, RSMo. This information is submitted to the city and shall be appropriated and delivered to the retirement system every year. Section 86.350 provides:

> The payment of the cost of providing all benefits granted under the provisions of sections 86.200 to 86.366, as determined pursuant to section 86.337, and the payment of fifty percent of all expenses described in subsection 2 of section 86.343 incurred in connection with the administration and operation of the retirement system are hereby made obligations of the cities.

This obligation is in the tens of millions of dollars annually and has been paid faithfully by the city, allowing our client to meet its obligations and provide a dignified retirement to its vested members. The initiative petition directs the new Metropolitan City will provide general services, including public safety. At some point after the transition period, the Metropolitan City will form a

new police force. The petition is silent as to how exactly a new police force will be formed. The current initiative petition provides a framework of future services, indicates existing obligations will remain obligations of the original municipality, describes numerous taxing responsibilities of these municipal districts but provides no substance as to how or if these "existing obligations" will be paid. The petition's silence on the "how" or "if" is deafening – in particular to a pension system whose charge is to provide for Police Officers and their families in retirement. As you are no doubt aware, while serving, Police Officers are vastly more susceptible to loss of life and suffering debilitating injuries than the general population.

The initiative petition repeals six sections of the Missouri Constitution including Article VI, section 32(c). We highlight section 32(c) because it mandates any amendment or revision under the current constitutional structure not impair retirement benefits to which one is entitled prior to the amendment. The recent revisions of the current initiative petition add language suggesting (but not directly stating) any person with "any vested, non-forfeitable, and contractual right or privilege to retire or retirement or pension benefits..." will retain those rights unimpaired until all benefits have been paid. *See* Initiative Petition 11. (4)(a).

The initiative petition has a significant direct fiscal impact upon the St. Louis City municipality, after it becomes the St. Louis Municipal Corporation following transition. This impact factors into how the entity will honor its pension obligations for the Police Officers and their families who depend on them (and accept the risks attendant with their careers, at least in part based on this security). The initiative petition is, again, silent as to how the St. Louis Municipal Corporation will meet these obligations. Failure to address this issue casts doubt on the fiscal soundness of the proposed consolidation. Further, failure to address funding for pension obligations amounts to a "just trust us" position. Active duty officers, retirees and their dependents should not be placed in such jeopardy. The initiative's proponents have not engaged in dialogue with interested parties about how issues like this will be worked out. To fulfill their fiduciary obligations to their members our clients must move these important questions - not addressed at all in the petition - to the forefront of this debate.

Two examples illustrate the significant fiscal impact the proposed St. Louis Municipal Corporation will face.

First, the initiative petition mandates municipal districts and the St. Louis Municipal Corporation continue as a taxing sub-district of the metropolitan city and as a separate taxing district. *See* Initiative Petition 4. (3)(a) and (5)(3) and (4)(a). This might mean businesses and citizens might be taxed by the metro city and the St. Louis Municipal Corporation simultaneously. Until it is better understood what items will be taxed and by who, it is impossible to determine whether the St. Louis Municipal Corporation can meet its now existing obligations, such as the ongoing annual obligation to our client. Second, how taxes will be imposed and what taxes will be levied is unknown. However, it is known the initiative petition, over time eliminates the earnings tax and appears to preclude an opportunity for a vote on the issue. This will significantly and directly impact the ability of the St. Louis Municipal Corporation's ability to make payments like the annual obligation to the retirement system. *See* Initiative Petition 7. (2)(a). This may explain the additional language in the second petition:

> Notwithstanding any provision of law or this constitution and notwithstanding any reduction of such levies, the St. Louis Municipal Corporation shall satisfy any outstanding financing obligations from available revenues, and the metropolitan city shall distribute to the St. Louis Municipal Corporation, from revenues generated within the territory of the St. Louis Municipal Corporation, such revenues

as may be required for the satisfaction of any such outstanding financing obligation. *See* Second Initiative Petition 7. (2)(a).

Better Together explained this addition was to provide greater specificity regarding the responsibility of the St. Louis Municipal Corporation to meet its existing obligation from the revenue generated in its territory. Arguably this was already required under the general provisions related to satisfaction of outstanding obligations. However, the Petition's language concerning funding appears to propose funding and take it away simultaneously. In a separate section the largest revenue generator in the territory is removed, without an explanation of how this revenue source would be replaced. Stating obligations must be satisfied appears to be window dressing when a deeper look reveals–there is no method outlined to actually satisfy the obligations.

In conclusion, the retirement system asks the auditor to see the petition for what it demonstrates – a lot of the "right words", but no "right actions" to explain any payment method to satisfy the significant outstanding obligations owed on an annual basis to our client as fiduciary to its members and their dependents. We have demonstrated "significant direct fiscal impact upon a political subdivision of the state" and the petitioners should have to demonstrate how those concerns will be addressed before being given the right to present this ballot initiative to the people of Missouri. Thank you for the opportunity to comment.

Very truly yours,

LATHROP GAGE LLP

By: _____
Matthew A. Jacober

MAJ/crs

THE POLICE RETIREMENT SYSTEM OF ST. LOUIS

2020 MARKET STREET
SAINT LOUIS, MISSOURI 63103
Toll Free 1-800-850-4407
(314) 241-0800 Fax (314) 241-4009

20-Year Contribution History to The Police Retirement System of St. Louis by City of St. Louis

Plan's FY Beginning:	City's Fiscal Year	Contribution Requirement	Paid by City	
10/1/1998	2000	0.00	0.00	
10/1/1999	2001	0.00	0.00	
10/1/2000	2002	0.00	0.00	
10/1/2001	2003	0.00	0.00	
10/1/2002	2004	9,575,892.00	4,115,600.00	
10/1/2003	2005	11,034,908.00	4,046,613.00	
10/1/2004	2006	14,939,678.00	8,093,266.00	
10/1/2005	2007	17,280,800.00	8,093,226.00	
10/1/2006	2008	15,909,820.00	6,702,849.00	
			35,586,639.00	*Contribution Settlement-See Attached
10/1/2007	2009	10,384,025.00	10,384,025.00	
10/1/2008	2010	14,318,031.00	14,318,031.00	
10/1/2009	2011	17,476,138.00	17,476,138.00	
10/1/2010	2012	20,036,918.00	20,036,918.00	
10/1/2011	2013	28,473,995.00	28,473,995.00	
10/1/2012	2014	32,629,036.00	32,629,036.00	
10/1/2013	2015	32,324,823.00	32,324,823.00	
10/1/2014	2016	30,600,069.00	30,600,069.00	
10/1/2015	2017	30,778,664.00	30,778,664.00	
10/1/2016	2018	33,826,528.00	33,826,528.00	
10/1/2017	2019	33,104,561.00	33,104,561.00	
10/1/2018	2020	35,970,630.00		
TOTAL		**$388,664,516.00**	**$350,590,981.00**	

February 20, 2019

***Contribution Settlement in City's Fiscal Year 2008**

The Police Retirement System filed lawsuits against the City and the Board of Estimate and Apportionment to require the City to contribute the actuarially determined annual contribution for the Police Retirement System for the City's 2004, 2005, 2006 and 2007 fiscal years. The City received an unfavorable ruling in the initial court proceedings relative to the fiscal year 2004 suit, and appealed the decision. In August 2006, the Missouri Court of Appeals affirmed the lower court's decision but transferred the case to the Missouri Supreme Court (Supreme Court). On March 13, 2007, the Supreme Court affirmed the judgments of the Circuit Court.

In response to the judgments, the Board of Aldermen had authorized and approved the issuance and sale of bonds for the purpose of paying certain judgments and other amounts in connection with the Retirement System. During fiscal year 2008, Pension Funding Leasehold Revenue Bonds Series 2007 and Pension Funding Series 2008A were issued funding the Police's System in the amounts of $29,587 and $6,000, respectively (in thousands).

LATHROP GAGE

MATTHEW A. JACOBER
PARTNER
DIRECT: 314.613.2845

MAIN: 314.613.2800
FAX: 314.613.2801
MJACOBER@LATHROPGAGE.COM
LATHROPGAGE.COM

7701 FORSYTH BOULEVARD, SUITE 500
CLAYTON, MO 63105

February 21, 2019

VIA U.S. MAIL
AND EMAIL TO: SUSAN.BEELER@AUDITOR.MO.GOV
KIM.HOELSCHER@AUDITOR.MO.GOV

State Auditor Nicole Galloway
State Capitol, Room 121
301 W. High Street
Jefferson City, MO 65101

Re: Follow up Information Concerning the Police Retirement System of St. Louis (PRS) and Fiscal concerns regarding Initiative Petition 2020-042 ("petition")

Dear Auditor Galloway:

We appreciated the opportunity to meet with Susan Beeler of your staff and to discuss our client's concerns regarding the fiscal impact of the petition. In the meeting, we indicated that demographic and actuarial information concerning PRS might better illustrate the negative fiscal impact of the initiative.

PRS Demographics.

Before discussing present and future financial impacts of a successful initiative, we provide the following statistics concerning PRS. As of October 1, 2018, PRS served the following:

Participant	Number	Description
Active	1,138	Currently employed police officers
DROP	123	Former officers who have a deferred vested pension eligible to collect when they turn age 55
Retired and Disabled	1,433	PRS pays benefits to retired officers and officers who became disabled while employed.
Surviving Spouses and Children	475	PRS pays benefits to both surviving spouses and their children
Total Participants	3,169	
Total Receiving Benefits	1,908	Number of Retired, disabled and surviving spouses and children receiving benefits.
Number of Actives supporting those receiving benefits	.66	According to the actuaries in 2000 .83 actives supported in-activities – retirees and all other beneficiaries – Retired, disabled, surviving spouses and children

As you can see, over the last 9 years, the number of active duty police officers contributing 7.5% of their pay has decreased as the number of beneficiaries has increased. This means the investment returns, which suffered during the 2007-2013 period. and the City of St. Louis' obligations pursuant to MO. REV. STAT. §§ 86.200-86.364 bear over 94.4% of PRS actuarial funding obligations.

PRS Future Funding Obligations.

PRS' independent actuaries determine annually the unfunded Entry Age Normal (EAN) actuarial liability and the Present Value of Future Benefits. Both are measures of current value of benefits PRS will owe to members and their beneficiaries. The EAN is used for financial statements but the Present Value of Future Benefits presents a more complete picture for purposes of your evaluation of the fiscal impact of the initiative. The Present Value of future Benefits is the amount of money needed today to fully fund all PRS benefits both earned as of the valuation date and those expected to be earned in the future by the current plan participants, under the current plan provisions if all of the actuarial assumptions (morbidity, mortality, investment returns, economy etc.) are met. PRS' actuaries determine this number for Active, DROP and Currently retired, disabled and surviving spouse and children beneficiaries. If the initiative passes, it is possible that obligations to active participants may be assumed by another plan (the initiative is silent on that point). As the chart below illustrates, even if active participants are not included, the Present Value of Future Benefits to those currently receiving benefits and with deferred vested pension benefits exceeds **$800,000,000.** Porting active participants to another plan does not significantly change PRS obligations to beneficiaries.

Present Value of Future Benefits - 10/1/18

Benefit Category	**10/1/18 PV of FB**	
Active	$306,011,501.00	
DROP and Re Entered	$193,779,042.00	
Retired, Disabled, Surviving Spouse and Children	$622,510,814.00	
Total not including active	**$816,289,856.00**	
Total including Active		$1,122,301,357.00

Fiscal Impact of the Initiative on Present and Future PRS Obligations.

We believe that the petition creates an unfunded liability as to PRS obligations to current and future beneficiaries. As we read the initiative, there is no post passage revenue stream adequate to satisfy PRS funding obligations and voters need to be aware of this. We expect other plans similarly situated will have the same problems. At present, police officer participants in the plan pay 7.5% of payroll into the plan. This amounts to about $5.3 MM annually and the city pays the actuarially-determined amount necessary to fund the plan's obligations to present and future beneficiaries. We provided the payment amounts for the last 10 years which average approximately $33 MM per year. According to the most recent PRS independent actuarial report, over the next 20 years, assuming investment returns of 7.5% and no significant downturn in the

economy the range of payments from the City of St. Louis or its successor will likely range from $32.4 MM to $36.2MM per year.

Results for the year ended September 30, 2017 provide a tool for illustrating this point. The chart below shows PRS funding, expenses and benefits paid and how those results would differ if there were no employee contributions (actives are in another plan) and if the City of St. Louis or its successor did not pay the amount required by Chapter 86. There are not sufficient funds to pay benefits, without eroding fund balances. Without city funding there will not be sufficient funds, over time, to pay the benefits owed.

Additions to PRS	**Value as of 9/30/17**	**Assuming passage and no funding of employer obligations**	**Comments**
Payments from members	$5,129,154.00	$-	Assumes no future payments from EEs
Employer Contributions	$33,104,561.00	$-	Assumes no ER contribution
Interest and Dividends	$8,631,971.00	$8,631,971.00	Not adjusted for changes in rates
Investment Returns	$45,322,802.00	$45,322,802.00	Not adjusted for investment performance
Total Additions	$92,188,488.00	$53,954,773.00	
Deductions from PRS			
Investment Expenses	$2,865,515.00	$2,865,515.00	Assumes same expenses
Benefit Payments	$63,603,561.00	$63,603,561.00	Assumes no increase in payments
Refunds of Employee Contributions	$4,972,550.00	$4,972,550.00	Refunds arise if employees are vested in their contributions and resign prior to retirement
Administrative Expense	$1,165,930.00	$1,165,930.00	Expense is less than 2% of earnings
Total Deductions	$72,607,556.00	$72,607,556.00	
Gain or Shortfall	$19,580,932.00	$(18,652,783.00)	Without additions from the employer and employees the funding gap increases.

As illustrated above, investment returns and interest and dividends are not sufficient to pay pension obligations. As written, the initiative creates what amounts to an unfunded mandate.

The Initiative Does not Provide Funding for Obligations.

The initiative petition makes clear that the St. Louis Municipal Corporation is responsible for funding Obligations such as those benefits PRS owes to members. However, the initiative provides no funding for any of these obligations after the effective date. During the period after the effective date of 1/1/21 and the date that general services such as law enforcement are to be undertaken by the Metropolitan City, the municipal districts and St. Louis Corporation continue to provide these services. They continue as taxing districts, but can only tax utilities and property and can only tax these for the provision of services – not the payment of obligations such as those owed by PRS. Further, in Section 7, the earnings tax will end effective 1/1/21 and cannot be reinstated. According to the City Collector of Revenue the earnings tax provides 33% of the City of St. Louis general revenue. https://www.stlouis-mo.gov/collector/earnings-tax-home.cfm.

Conclusion.

As information from the 2018 Actuarial Report makes clear, the initiative's proposal for creating a new form of government while saddling all prior governments with financial obligations and providing no meaningful revenue stream creates an untenable fiscal problem and jeopardizes benefits owed under Police Retirement System of St. Louis.

Very truly yours,

Lathrop Gage LLP

By: _____
Matthew A. Jacober

MAJ/abs
Enclosure

LATHROP GAGE

RECEIVED
FEB 26 2019
STATE AUDITORS OFFICE

MATTHEW A. JACOBER
PARTNER
DIRECT: 314.613.2845

MAIN: 314.613.2800
FAX: 314.613.2801
MJACOBER@LATHROPGAGE.COM
LATHROPGAGE.COM

7701 FORSYTH BOULEVARD, SUITE 500
CLAYTON, MO 63105

February 22, 2019

VIA U.S. MAIL
AND EMAIL TO: SUSAN.BEELER@AUDITOR.MO.GOV
KIM.HOELSCHER@AUDITOR.MO.GOV

State Auditor Nicole Galloway
State Capitol, Room 121
301 W. High Street
Jefferson City, MO 65101

Re: Follow up Information Concerning the Police Retirement System of St. Louis (PRS) and Fiscal concerns regarding Initiative Petition 2020-042 ("petition") – Correction, p. 2, final par., line 5.

Dear Auditor Galloway, Susan and Kim:

After we finalized our letter of 2-21-19 we noted a typo on page 2 in the final paragraph. At line 5 of that paragraph we stated that police officer participants pay 7.5% of payroll into the plan. That percentage was incorrect. Police officer participants pay 7% of payroll into the plan. However, the dollar value quoted, $5.3MM is correct.

Very truly yours,

Lathrop Gage LLP

By: _____
Matthew A. Jacober

MAJ/abs
Enclosure

Christopher R. Pieper on behalf of Unite STL provided the following information as a proponent of this initiative petition.

BLITZ
BARDGETT & DEUTSCH, LC
Attorneys & Counselors at Law

Christopher R. Pieper
120 South Central Avenue, Suite 1500
St. Louis, MO 63105
www.bbdlc.com

E-mail: cpieper@bbdlc.com
Telephone: (573) 355-5045
Facsimile: (314) 863-1877

April 3, 2019

Via Email: FiscalNote@auditor.mo.gov

Auditor Nicole Galloway
Missouri State Auditor
State Capitol, Rm. 121
Jefferson City, MO 65101

RE: IP 2020-054: Proponent's Proposed Statement of Fiscal Impact

Dear Auditor Galloway:

Please accept the enclosed Proponent's Proposed Statement of Fiscal Impact for Initiative Petition 2020-054 (hereinafter "the measure") submitted on behalf of proponent Unite STL pursuant to Section 116.175.1, RSMo.

You recently issued a fiscal note and fiscal summary for a substantially similar and fiscally-identical initiative petition proposed by Unite STL—Initiative Petition 2020-042 (hereinafter "IP 2020-042"). The primary differences between IP 2020-042 and this measure relate to the timing of election of executive officials and additional specificity regarding certain pension and retirement systems. None of these changes affect the fiscal impact of the measure.

As indicated in the materials submitted herewith, the fiscal note and fiscal summary should reflect that the measure will result in savings for local governments of up to $37 million annually in 2023 and up to $1 billion annually by 2032. The fiscal note and fiscal summary should reflect that the measure will result in $4.9 billion in savings to local governments from 2023 to 2032. The fiscal note and fiscal summary should reflect that the measure will result in increased state revenues of up to $636,695 in 2023, increasing to up to $6.95 million annually in 2032 and each year thereafter. The fiscal note and fiscal summary should reflect that the measure would generate up to $40 million in new state revenue from 2022 to 2032.

Alternatively, the fiscal summary for this measure should be identical to the fair and sufficient fiscal summary you issued for IP 2020-042, which provided as follows:

Individual St. Louis County municipalities expect decreased revenues to exceed savings with a total unknown impact. The overall savings for the new metropolitan city is unknown but estimated to be as much as $1 billion annually by 2032. State revenue is estimated to increase between $2.5 million to $7 million annually by 2032.

Thank you for your attention to this matter. Please do not hesitate to contact me if you have any questions or if there is any additional information I can provide.

Very truly yours,

Christopher R. Pieper

Enclosures:

1. Proponent's Proposed Statement of Fiscal Impact for Initiative Petition 2020-054
2. Better Together Policy: Analysis of New State Tax Revenue
    - Better Together Policy State Revenue Compiled with Analysis
    - Better Together Combined State Revenue Analysis
3. Better Together Policy: Local Government Savings Analysis
    - Better Together Policy: Pro Forma Analysis
    - Better Together Policy: STL Metro City – Pro Forma Budget
4. Better Together: Municipal District Fiscal Analysis
    - Municipal District Fiscal Analysis
    - Municipal District Revenues and Expenditures
5. Supplemental Data
    - Municipal Revenues & Expenditures 16-17 CAFRs
    - City of St. Louis Operating Plan '19 – City Debt
    - Public Works and Capital Outlay Breakdown 16-17 CAFRs
    - SLC – BT Revenue Update 2017 Data
    - SLC Budget Update 2-17-19
    - STL – FY18 Cash Basis Gov't Funds
    - Municipalities 16-17 Supplemental Data

Proposed Statement of Fiscal Impact for Initiative Petition for a constitutional amendment related to Article VI, (2020-054)

Submitted by:

Christopher R. Pieper, Mo. Bar No. #57564
414 E. Broadway, Suite 100
Columbia, MO 65201
Telephone No.: (573) 355-5045
E-mail: cpieper@bbdlc.com

on behalf of Unite STL, Proponent of the Proposed Measure

Initiative Petition 2020-054
Proponent's Proposed Statement of Fiscal Impact

The following information is submitted on behalf of the proponent of the proposed measure as a proposed statement of fiscal impact for the Initiative Petition 2020-054 (hereinafter "the measure"), pursuant to Section 116.175.1, RSMo.

The State Auditor recently issued a fiscal note and fiscal summary for a substantially similar and fiscally identical initiative petition. *See* Initiative Petition 2020-042. The primary differences between this measure and Initiative Petition 2020-042 relate to the timing of election of executive officials and additional specificity regarding certain pension and retirement systems. Neither of these changes affect the fiscal impact of the measure.

As demonstrated more fully below and in the accompanying supporting materials, the fiscal note and fiscal summary should reflect that the measure will result in savings for local governments of up to $37 million annually in 2023 and up to $1 billion annually by 2032. The fiscal note and fiscal summary should reflect that the measure will result up to $4.9 billion in savings to local governments from 2023 to 2032. The fiscal note and fiscal summary should reflect that the measure will result in increased state revenues of up to $636,695 in 2023, increasing to up to $6.95 million annually in 2032 and each year thereafter. The fiscal note and fiscal summary should reflect that the measure would generate up to $40 million in new state revenue from 2022 to 2032.

Alternatively, the fiscal summary for this measure should be identical to the fair and sufficient fiscal summary issued for Initiative Petition 2020-042 by stating:

> Individual St. Louis County municipalities expect decreased revenues to exceed savings with a total unknown impact. The overall savings for the new metropolitan city is unknown but estimated to be as much as $1 billion annually by 2032. State revenue is estimated to increase between $2.5 million to $7 million annually by 2032.

I. The Measure

If enacted, the measure would reorganize local governments in St. Louis County (hereinafter "the County") and the City of St. Louis (hereinafter "the City") to reduce fragmentation and achieve greater efficiency and cost-effectiveness. To accomplish this purpose, the measure combines the County and the City in a newly-created, Metropolitan City of St. Louis (hereinafter the "Metro City"), with the powers of both a charter city and a charter county. Art. VI, Section 30.2. The entire territory of the Metro City is designated a "general services district" in which the Metro City is empowered to provide "general

district services." Art. VI, Section 30.2(9).[1] Current Municipalities (including the City, until after the transition period) continue as "Municipal Districts," which are political subdivisions empowered to provide "municipal district services" and required to satisfy outstanding obligations of the municipality. Art. VI, Section 30.3.[2]

A. Finances

General district services and outstanding obligations of the Metro City would be financed by revenues generated throughout the Metro City, while municipal district services and outstanding obligations of a Municipal District would be financed by revenues generated within the Municipal District or otherwise secured by the Municipal District. Art. VI, Section 30.5(1)(a).[3]

The measure initially continues existing levels of services, and taxes, licenses, fees, or special assessments levied by the County, the City, or Municipalities with respect to the territory to which such applied prior to the effective date. Art. VI, Section 30.5(2)(a). The Metro City is required to distribute revenues generated from such taxes, licenses, fees, and special assessments levied solely within a Municipal District to that Municipal District for use in satisfying outstanding obligations and for the services the Municipal District provides. Art. VI, Section 30.5(2)(a). In particular, the measure requires the Metro City to distribute to Municipal Districts:

(1) All revenues generated from taxes, licenses, fees, or special assessments levied solely within the Municipal District required for the satisfaction of any outstanding obligation. Art. VI, Section 30.5(2)(b)(i).

(2) Revenues generated from property taxes levied solely within the Municipal District. Art. VI, Section 30.5(2)(b)(ii).

(3) Revenues generated from any sales or use tax levied solely within the Municipal District necessary to provide municipal district services or to provide a general district service until such service is provided by the Metro City. Art. VI, Section 30.5(2)(b)(iii).

(4) Revenues that would have otherwise been received by the Municipality from the state or federal government, including gaming revenues and county pool sales taxes,

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[1] Examples of "general district services" include the licensing and regulation of businesses, occupations, professions, activities, or things; public health, public safety, and general welfare; police, law enforcement, and municipal court; transportation, infrastructure, and public works; and economic development. *See* Art. VI, Section 30.1(1)(c).

[2] Examples of "municipal district services" include fire protection, parks and recreation, proprietary and enterprise functions, facilities, and administration of the Municipal District. *See* Art. VI, Section 30.1(1)(g).

[3] Outstanding obligations include, but are not limited to, contracts; financing obligations, such as bonds, notes, capital leases and similar obligations; and other long-term obligations such as pensions. *See* Art. VI, Section 30.1(1)(b).

required to satisfy outstanding obligations or necessary to provide municipal district services, or provide a general district service until such service is provided by the Metro City. Art. VI, Section 30.5(5)(c).

Revenues collected within a Municipal District over and above the foregoing would be retained by the Metro City and used for providing general district services such as police. *See* Art. VI, Sections 30.2(9), 30.5(1)(a). Until such time as the Metro City provides a general district service, the Municipal District would continue to receive distributions of revenue necessary to continue providing such service. *See* Art. VI, Sections 30.5(2)(b); 30.5(5)(c).

90 days prior to each fiscal year, a Municipal District would submit to the Metro City an estimate of outstanding obligations, the expenditures necessary for services provided by the Municipal District, and the revenues required for such purposes. Art. VI, Section 30.5(4)(e). The Metro City is required to distribute funds to the Municipal District for such purposes and in such amounts for the ensuing fiscal year. *Id.*

If a Municipal District wanted to increase the level of services, it could levy an additional property tax, levy a utility tax, charge fees for service, and issue financing obligations for such purposes. Art. VI, Section 30.5(4). The Municipal District would administer the revenues generated thereby pursuant to an annual budget adopted in the manner provided for the current Municipality. Art. VI, Section 30.5(4)(d).

The measure provides a two-year transition period from the effective date on January 1, 2021, through the end of the transition period on January 1, 2023. Art. VI, Section 30.1(1)(l). The budget for the Metro City and Municipal Districts for each year of the transition period would be the combined annual budgets for the County, the City, and Municipalities for the twelve month-period beginning January 1, 2019, along with any supplemental appropriations and any appropriations for the satisfaction of outstanding financing obligations. Art. VI, Section 30.5(6)(a). The first budget for the Metro City post-transition period would be adopted on or after January 1, 2023. Art. VI, Section 30.5(7)(c).

B. <u>Tax Relief</u>

Beginning in 2022, the one-percent earnings tax imposed by the City would be reduced annually by one-tenth of one percent until eliminated in the manner provided in current law, Section 92.015, RSMo, due to the failure to reauthorize the tax in 2021. Art. VI, Section 30.7(2)(a). Each reduction would result in approximately $18.3 million in tax relief each year. Also beginning in 2022, the one-half of one percent payroll expense tax

imposed by the City would be reduced annually by one-twentieth of one percent until eliminated. *Id.* Both taxes would be fully phased-out over a period of ten years.[4]

In 2023, the general revenue property tax levied in the former County would be reduced to yield no greater than half the revenue generated by the levy during the prior year. Art. VI, Section 30.5(7)(b). Based on the Auditor's 2017 report of tax rates, the County's general revenue property tax levy for each class of property would generate approximately $47.1 million.[5] An adjustment to generate half the amount of revenue is estimated to result in tax relief of approximately $23.6 million annually.

In 2024, the general revenue county purposes property tax levy in the former City would be replaced with the lowered general revenue property tax levied in the former County. Art. VI, Section 30.5(8)(b). Based on the Auditor's 2017 report of tax rates, the City's county purposes levy would generate approximately $14.1 million.[6] Replacing this levy with the newly-lowered County levy is estimated to result in tax relief of approximately $8.1 million annually.[7]

C. St. Louis Municipal Corporation and St. Louis Fire Protection District

On January 1, 2023, the Municipal District within the former City would continue as the St. Louis Municipal Corporation, primarily to satisfy outstanding obligations of the City. Art. VI, Section 30.4.

Also, on January 1, 2023, the St. Louis Fire Protection District would be created within the boundaries of the former City. Art. VI, Section 30.6. During 2023, the fire protection district is funded out of revenues generated from within the former territory of the City. Art. VI, Section 30.6(2)(a). In 2024, the fire protection district would be authorized to levy a property tax and, upon such levy, the Metro City would be required to correspondingly reduce the rates of taxes, licenses, and fees within the former City to ensure that the fire protection district levy is revenue neutral. Art. VI, Section 30.4(2)(b).

II. Local Government Positive Fiscal Impact

A. Local Government Savings

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[4] *See Better Together Policy Recommendations: Analysis of New State Tax Revenue*, submitted herewith and hereby incorporated by reference herein. Available at https://static1.squarespace.com/static/59790f03a5790abd8c698c9c/t/5c6d500324a694e2f1da31ca/1550667780395/Better+Together+Policy+State+Revenue+Compiled+with+Analysis.pdf.

[5] *See id.*

[6] *See id.*

[7] *See id.*

The measure would result in a significant savings to local governments. Specific areas targeted for savings, such as general administration, are analyzed in a series of studies published by Better Together over the past five years and in the recently-released City-County Task Force Report and Recommendations.[8] Better Together has also analyzed revenue, expenditures, and savings from its policy recommendations as reflected in the proposed measure.[9]

As discussed more fully in Better Together's analysis, savings to local governments result from both reduced expenditures and the availability of surplus revenue over expenditures. The measure creates a structure for reducing expenditures on a system-wide, rather than jurisdiction-by-jurisdiction basis, which would enable modest expenditure reductions of 3% annually, offset by 2% inflation in expenditures, for net annual expenditure reductions of 1%. In addition, the structure results in annual surpluses of revenue, which enables accelerated debt repayment that would in turn achieve additional savings from reduced interest and financing costs. Initial savings for local governments from the measure are estimated at $37 million annually in 2023.[10] By 2032, annual savings for local governments are estimated at $1 billion annually. From 2023 to 2032, the measure is estimated to result in up to $3.2 billion in expenditure reductions and surplus revenues of $1.7 billion, for total savings to local governments of up to $4.9 billion over the ten-year period.

The estimated $37 million in savings in 2023 has been refined from the previous estimate of $55 million in savings in 2023 submitted by Unite STL in connection with IP 2020-042. The $37 million provides a more conservative estimate to reflect that a number of municipal CAFR's include both fire protection and police within a single expenditure

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[8] *See Better Together: Report and Recommendations of City-County Governance Task Force*, available at https://static1.squarespace.com/static/59790f03a5790abd8c698c9c/t/5c68551e4785d32318b184c5/1550341501871/Task+Force+Report+Final.pdf.

[9] *See Better Together Policy Recommendations: Analysis of Local Government Savings*, submitted herewith and hereby incorporated by reference herein. Available at https://static1.squarespace.com/static/59790f03a5790abd8c698c9c/t/5c6d4f06085229dcf73eeb73/1550667526841/Analysis+of+Local+Government+Savings.pdf; *see also St. Louis Metro City – Pro Forma Budget*, submitted herewith and hereby incorporated by reference herein. Available at https://static1.squarespace.com/static/59790f03a5790abd8c698c9c/t/5c6d5041eb393157f0303840/1550667841801/STL+Metro+City+-+Pro+Forma+Budget.pdf. The supplemental data cited therein reflecting revenues and expenditures of the City, County, and Municipalities has been previously submitted to the State Auditor's Office and is hereby incorporated by reference herein.

[10] Several aspects of the measure support the reasonableness of the $37 million estimated savings to local governments by 2023 by requiring specific consolidations to occur during the transition period. For example, effective January 1, 2022, all county offices of the City are required to be fully consolidated into the corresponding offices of the Metro City. *See* Art. VI, Section 30.2(8). In addition, all municipal courts within the Metro City are to be fully consolidated by January 1, 2023. *See* Art. VI, Section 30.2(11)(a). The reasonableness of the $55 million estimated savings to local governments by 2023 is supported by fiscal note responses to a previously proposed constitutional amendment consolidating the City of St. Louis with St. Louis County, which estimated net savings of approximately $60.6 million annually from the consolidation of county functions. *See* Fiscal Note, SJR 3 (2015), L.R. No. 0525-01, *available at* http://www.moga.mo.gov/OverSight/Over20151//fispdf/0525-01N.ORG.pdf

category of "public safety." In order to provide a more conservative estimate of savings, Better Together classified these $9 million in expenditures as Municipal District expenditures and deducted $9 million from surplus revenues, resulting in an $18 million reduction in savings for 2023. This adjustment does not impact the overall estimated savings of more than $1 billion by 2032.

B. Local Government Costs

Local governments will not incur any new costs as a result of the proposed measure. Local governments would continue to provide the same functions and services currently provided separately by 90 different local governments. However, the proposed measure would reallocate these functions and services *among* local governments. Therefore, any cost incurred by the Metro City in assuming a function or service would result in savings to the local government from which the function or service was assumed.[11]

Current local governments may claim a "cost" to their particular local government because, following enactment of the measure, their particular local government may not continue to receive all of the revenues it receives today. However, the measure requires that a Municipal District receive all revenues required to satisfy outstanding obligations and necessary to provide municipal district services and a general district service until such service is assumed by the Metro City. *See* Art. VI, Section 30.5(2)(b). As discussed more fully in Better Together's analysis of Municipal District Revenues and Expenditures,[12] by 2023 the Metro City would distribute revenues of up to $526 million to Municipal Districts, while Municipal Districts would have estimated expenditures of up to $360 million, resulting in up to $165 million in revenues in excess of estimated expenditures distributed to Municipal Districts.

Under the measure, all existing taxes, licenses, and fees are initially continued in order to ensure the same overall amount of revenue to local governments. *See* Art. VI, Section 30.5(2)(a). Thus, no local government would lose any revenues necessary to perform the functions they remain authorized to perform, although a portion of the revenue

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[11] The Missouri Supreme Court has recognized that a new activity or service is not established when a governmental entity is simply required to continue an existing activity or service, *see Breitenfeld v. School Dist. of Clayton*, 399 S.W.3d 816, 826 (Mo. banc 2013); *see also State ex rel. City of Desloge v. St. Francois Cty.,* 245 S.W.3d 855, 861 (Mo. App. E.D. 2007) (requiring showing that County was "forced to hire additional employees or pay higher salaries to existing employees in order to carry out its duties" in order to establish a "new service or activity required of the County" as opposed to being "part of the County's existing duties."), nor when a measure merely reallocates obligations or revenues among various political subdivisions. *Berry v. State*, 908 S.W.2d 682, 685 (Mo. banc 1995); *see also Cty. of Jefferson v. Quiktrip Corp.*, 912 S.W.2d 487, 491 (Mo. banc 1995) (holding that reallocation of local revenue does not shift tax burden to local government and the act of distributing tax revenue is "part of the normal operations of any county" and therefore only a *de minimis* administrative activity not in violation of Hancock).

[12] *See Better Together Policy Recommendations: Analysis of Municipal District Revenues and Expenditures* submitted herewith and hereby incorporated by reference herein. Available at https://static1.squarespace.com/static/59790f03a5790abd8c698c9c/t/5ca4f9b6f4e1fc20aa55706d/1554315709901/Fiscal+Analysis.pdf.

a particular local government previously received would be reallocated to another local government—the Metro City—for services now provided by that local government—the Metro City. Indeed, the difference between the amount of revenue currently received by a particular local government and the amount of revenue actually required to satisfy outstanding obligations and necessary to provide services represents potential overall savings to local governments from the more efficient allocation of service provision and supporting revenues.

With respect to elections, no cost to local governments should be reflected in the fiscal note and fiscal summary. The proposed measure requires the Missouri General Assembly to enact legislation to provide for an election authority for the Metro City. Art. VI, Section 30.7(1)(a). Until such time, the current Board of Election Commissioners in the City and County are required to cooperate in the conduct of elections within the Metro City. *Id.* Therefore, any costs related to the conduct of elections should be reflected in connection with legislation to create such election authority, as opposed to in the fiscal note and fiscal summary for the measure.

III. State Government Positive Fiscal Impact

A. Increased State Revenues

The measure will have a significant positive impact on state revenues resulting from the required reduction, and ultimate elimination, of the earnings tax and payroll expense tax and the required reduction of property taxes. As such taxes are reduced, the amount of deductions that can be claimed by individual taxpayers against Missouri income and the expenses claimed by businesses for the payment of such taxes will also be reduced. Both will generate new state revenues.

Better Together has performed a detailed analysis of the additional state revenue generated by reductions in Missouri income tax from 2023 through 2032 as a result of the local tax reductions required under the measure.[13] Based on this analysis, the fiscal note and fiscal summary should reflect that the measure will result in increased state revenues of up to $636,695 in 2023, increasing up to $6.95 million annually in 2032 and each year thereafter. The fiscal note and fiscal summary should reflect that the measure would generate up to $40 million in new state revenue from 2022 to 2032.

B. State Costs

The proposed measure would neither establish a new program or state agency, nor duplicate an existing program or state agency. Any one-time implementation costs can be

[13] *See Better Together Policy Recommendations: Analysis of New State Tax Revenue*.

assumed within existing resources. Moreover, new state revenues generated by the proposed measure would more than offset any one-time implementation costs.

IV. Other Political Subdivisions

The proposed measure will be cost neutral to other political subdivisions. School districts, fire protection districts, and other special districts are not reorganized pursuant to the amendment. *See* Art. VI, Sections 30.1(1)(i); 30.9(1)(a); 30.10(1)(1).[14] Accordingly, the fiscal note and fiscal summary should not reflect any costs or savings to any other political subdivisions.

V. Small Business

The proposed measure would provide a significant positive fiscal impact for small business by eliminating bureaucracy and unnecessary regulatory complexity, by streamlining government operations affecting small businesses, and by reducing earnings, payroll expense, and property taxes.

VI. Proposed Fiscal Note Summary

This proposal is estimated to generate savings to local governments of up to $37 million annually by 2023 and up to $1 billion annually by 2032. Reduced earnings, payroll, and property taxes are estimated to increase state revenues by up to $40 million through 2032.

[14] "Special districts" are defined to include "any political subdivision, municipal corporation, body corporate and politic, authority, metropolitan district, taxing district, taxing subdistrict, public corporation, or quasi-public corporation created pursuant to this constitution, law, charter, ordinance, or resolution, other than the county of St. Louis or a municipality, located wholly or partially within the territory in the city of St. Louis or the county of St. Louis immediately prior to the effective date of this section." Art. VI, Section 30.1(1)(i).

Better Together Policy Recommendation
Analysis of New State Tax Revenue

Better Together's policy recommendation is estimated to result in increased state revenues of up to $636,695 in 2023, increasing to up to $6.95 million in new state revenue annually in 2032 and each year thereafter. Over the ten-year period from 2022 to 2032, the Better Together policy recommendation would generate up to $40 million in new state revenue.

Beginning in 2022, the one-percent earnings tax will be reduced annually by one-tenth of one percent until eliminated in the manner provided in current law, Section 92.015, RSMo., due to the failure to reauthorize the tax in 2021. Beginning in 2022, the one-half of one percent payroll expense tax imposed by the City will be reduced annually by one-twentieth of one percent until eliminated. In 2023, the general revenue property tax levied in the former County is to be reduced to yield no greater than half the revenue generated by the levy during the prior year. In 2024, the general revenue county purposes property tax levy in the former City is replaced with the lowered general revenue property tax levied in the former County.

As the earnings tax, payroll tax, and property taxes decrease, the taxable income of individuals and corporations increase. The state tax revenue base thereby increases resulting in new state tax revenue.

The following is a description of the methodology used in analyzing the additional state tax revenue resulting from Better Together's policy recommendation. The following also includes a description of other estimates of additional state revenue from the reduction of the earnings tax and payroll expense tax to support the reasonableness of this analysis and its conclusions.

I. Earnings Tax Analysis

Pursuant to the City of St. Louis FY 2018 CAFR, the earnings tax revenue base was $3,787,500,000 for business and $14,558,200,000 for individuals.[1] This equates to a split of the earnings tax revenue base of approximately 20.65% business and 79.35% individual. The split between business and individual is relevant to state tax impact due to the method by which the payment of the tax may be utilized by taxpayers. In particular, an individual must itemize deductions and take such tax payment as a deduction to have an impact. However, a business uses the payment of tax as an expense, which reduces income and is either reported by the entity (corporation) or is passed to its owners (partnership/LLC). Thus, the analysis segregates the business and individual allocation between the earnings tax revenue base.

A. Individuals subject to Earnings Tax

Based on the City of St. Louis 2018 CAFR, the total earnings tax revenue base is $18,345,700,000. The individual portion of the earnings tax revenue base is approximately

[1] City of St. Louis, 2018 Comprehensive Annual Financial Report, Pg. 210, *available at* https://www.stlouis-mo.gov/government/departments/comptroller/documents/upload/CityofStLouisMO_CAFR-FY18.PDF.

79.35% of such base or approximately $14,558,200,000. Based on this information, 2018 aggregate individual earnings tax is $145,582,000.

The earnings tax paid by individuals impacts state tax revenue when such individuals itemize deductions and claim a deduction for such tax payment. An individual that itemizes deductions thereby reduces his/her taxable income. Based on the 2008 Fiscal Note prepared by the State Auditor's Office related to a ballot measure to phase-out the earnings tax if not reauthorized by voters, approximately 28.06% of Missouri individual tax filers itemized deductions.[2] Thus, the analysis assumes that only 28.06% of the earnings tax paid by individuals has an impact on the state tax revenue. Data is not available to show a different deduction rate, such as any change in deduction rates due to recent changes to federal tax laws.

The analysis uses the statutory individual income tax rate and reflects a decrease in the rate based on current Missouri statutes. The calculations in Section I.A. of the analysis reflect the foregoing, along with the assumption that the earnings tax revenue base is constant.

B. Businesses subject to Earnings Tax

Based on the St. Louis City FY2018 CAFR, the total earnings tax revenue base is $18,345,700,000. The business portion of the earnings tax revenue base is approximately 20.65% of such base or approximately $3,787,500,000. Based on such information, 2018 aggregate business earnings tax is $37,875,000.

Payment of the earnings tax is a business expense which will reduce the income of the business. Such reduced income is then taxed on either a corporate income tax return for a corporation or an individual income tax return if the business does not pay income tax but instead passes the income to its owners, such as a partnership. To analyze the tax impact, the tax effect must be segregated between corporation income tax and individual income tax. The corporate income tax rate is different than the individual income tax rate. Thus, the impact on state revenue depends in part on whether a corporation or an individual is reporting the income.

Per the Missouri Department of Revenue Financial and Statistical Report FYE June 30, 2017, 3,002,736 individual returns were filed and 146,282 corporate returns were filed.[3] Thus, 95.35% of income tax returns were individual returns and 4.65% were corporate returns. Such percentages can be applied to the business portion of the earnings tax to determine an approximate amount reported by individuals and corporations respectively.

The analysis in Section I.B. applies these percentages to the earnings tax applicable to the business portion of the earnings tax revenue base. Section I.B.1. analyzes the impact using the foregoing percentages and the applicable individual income tax rate. The individual taxpayer will

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[2] *See* Fiscal Note (09-62), Office of the Missouri State Auditor, *available at* https://app.auditor.mo.gov/Repository/Notes/09-62.pdf. This is consistent with the 29% deduction rate assumed by the Office of Administration Division of Budget and Planning (OA-B&P) in its response to a prior initiative petition seeking to enact the Better Together policy recommendation (IP 2020-039).

[3] Missouri Department of Revenue Financial and Statistical Report FYE June 30, 2017, Pg. 18, Income Tax Summary of Activities, *available at* https://dor.mo.gov/cafr/documents/financialstatreport17.pdf.

be reporting the net business income, which has already been reduced by the earnings tax paid by the business. Therefore, unlike the analysis in Section I.A. above, the analysis does not include factoring in the deduction rate. Instead, the analysis looks at what happens to state tax revenue as the income of a business increases due to the reduced earnings tax expense. The difference in the expense amount from the original 2018 data is taxed at the individual income tax rate.

The analysis in Section I.B.2 addresses the business portion of the earnings tax, which can be attributable to corporations based on the corporate return rate above. The analysis looks at what happens to state tax revenue as the income of a corporation increases due to the reduced earnings tax expense. The difference in the expense amount from the original 2018 data is taxed at the corporate income tax rate.

II. Payroll Expense Tax Analysis

The payroll expense tax is applicable to businesses with payroll expenses. Such taxes are paid by the business and reduce business income. Similar to the analysis in I.B. above, the business income is either reported by a corporation or an individual owner of the business. The analysis is similar to I.B. above and is apportioned between individual reporting and corporation reporting. The individual reporting again does not factor in the deduction since the tax reduces the business income and is not an itemized deduction. The reduction in the payroll expense tax results in increased income of individuals and corporations, which in return results in new state tax revenue.

III. Property Tax Analysis

The Better Together policy recommendations include a reduction in the County general revenue property tax in 2023 followed by application of the lower County general revenue property tax in place of the higher City county purposes property tax in 2024.

A. County Property Tax Analysis

The assessed values for each class of property in the County are individually reported in the St. Louis County 2017 CAFR.[4] The Missouri Auditor's Office 2017 Property Tax Rates ("2017 Rates Report") sets forth the permitted rates for the County general revenue property tax for each class of property.[5] The assessed values and rates were utilized to determine such portion of the property tax currently. Per the policy recommendation, the general revenue levy of the County will be reduced to generate approximately 50% of the revenue for the prior year. For purposes of the analysis, 50% of the rates reported in the 2017 Rates Report has been utilized.

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[4] St. Louis County Comprehensive Annual Financial Report for the Year Ended December 31, 2017, Pg. 180, *available at* https://www.stlouisco.com/Portals/8/2017%20CAFR.pdf

[5] Office of Missouri State Auditor Nicole Galloway, CPA, 2017 Property Tax Rates, Appendix VIII, Pg. 116, *available at* https://app.auditor.mo.gov/Repository/Press/2017143113567.pdf?_ga=2.196564524.1676225323.1550249944-1961047601.1502219957

To determine the impact on state revenue of this property tax reduction, the reductions must be apportioned between individual taxpayers and businesses. Available information does not fully apportion property tax payments in the County, although the County 2017 CAFR does report the principal property taxpayers, which are businesses and which account for 5.8% of the assessed value.[6] This percentage is utilized to allocate property taxes 94.2% for individuals and at least 5.8% for businesses.

The allocation between business and individual is relevant to state tax impact due to the method by which the payment of tax may be utilized by taxpayers. As discussed above in section I.A., an individual must itemize deductions and take such tax payment as a deduction to have an impact. However, a business uses the payment of tax as an expense, which reduces income and is either reported by the entity (corporation) or is passed to its owners (partnership/LLC). Thus, the analysis segregates the business and individual allocation of the property tax.

Based on the St. Louis County 2017 CAFR and Auditor's 2017 Rates Report, the applicable general revenue property tax generated approximately $47,124,464. For purposes of this analysis and based on the information set forth below, this property tax is allocated 94.2% to individuals, such that individual taxpayers paid $44,391,245 of the total general revenue property tax. Such individual amount will be subject to itemized deductions for reporting and the methodology applies the deduction percentage as stated in Section I.A. above. The 5.8% of the general revenue property tax apportioned to businesses is allocated between corporations and individuals similar to the analysis in Section I.B. above based on the percentage of returns filed.

The analysis uses the statutory individual income tax rate and corporate tax rates similar to the analysis in Sections I and II above. The assessed value of property was constant in the analysis.

B. City Property Tax Analysis

St. Louis City levies property tax on all classes of property at a single tax rate. The assessed value of City property subject to the property tax for county purposes and the rate of such tax is reported in the Auditor's 2017 Rates Report.[7] In 2024, the county purposes property tax in the former City would be replaced with the County general revenue property tax as reduced per the recommendation, resulting in a reduced rate applicable to all classes of property.

Similar to the analysis for the reduction of the County general revenue property tax in Section III.A., the county purpose property tax in the City must be apportioned between individuals and businesses. The principal taxpayers of the property tax reported in the St. Louis City 2018 CAFR are all businesses and account for 11.99% of the assessed value.[8] This percentage is used to allocate the county purposes property tax between individuals 88.01% and businesses 11.99%. The analysis utilizes a similar approach as in Section III.A. above to allocate and calculate the current apportionment to determine future state tax revenue impact.

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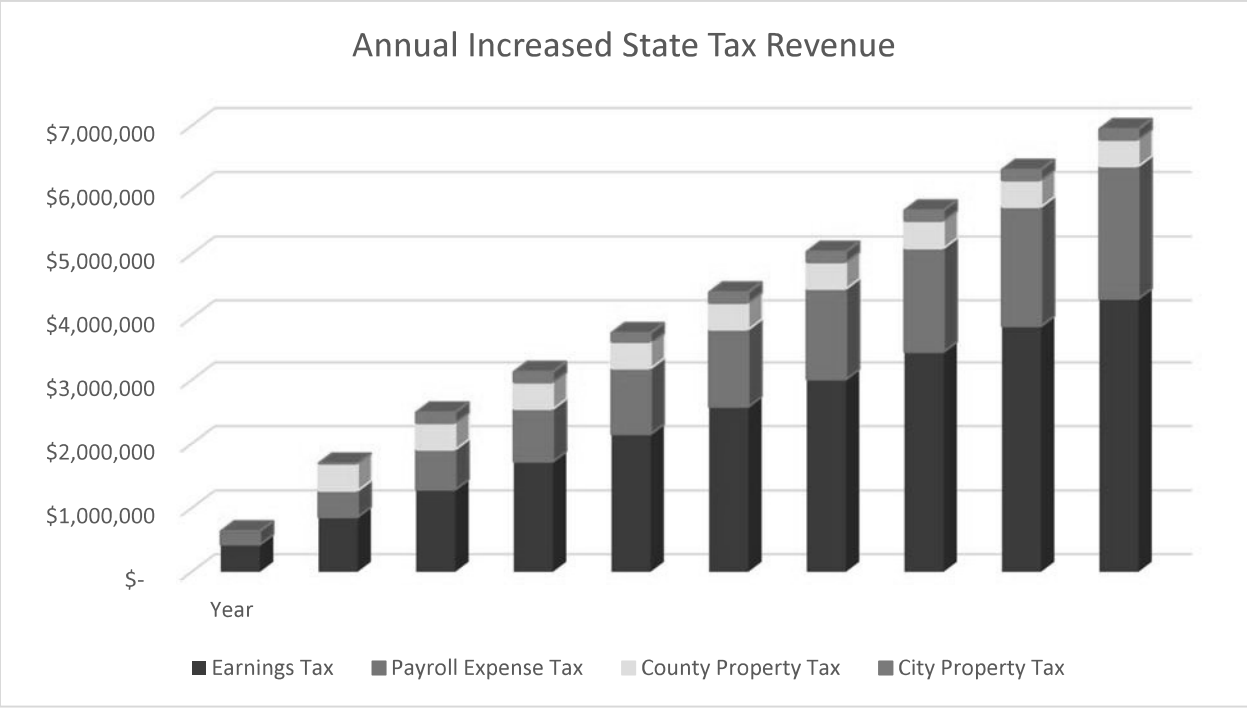
[6] St. Louis County 2017 CAFR, Pg. 182.
[7] Auditor's 2017 Rate Report, Appendix VII, Pg. 108.
[8] St. Louis City 2018 CAFR, Table 7, Pg. 208.

Under the policy recommendation, in 2024, when the County property tax would replace the City's county purposes property tax, the classes of property will become relevant. The City 2018 CAFR reports classifications of property and the assessed values thereof.[9] These values are used to apply the reduced County property tax rates provided in the analysis in Section III.A. above to the relevant class of property (with manufacturer's machinery tools and equipment added to personal property classification). The analysis does not factor in tax-exempt property, since sufficient information is not provided in the CAFR to allocate such amount to the classes of property.

IV. New State Revenues

Based on the foregoing analysis and as reflected in the enclosed materials, the phase-out of the earnings tax and payroll expense tax and the reduction in property tax would result in new state revenues beginning in 2023 and increasing each year until 2032. The tables below summarize the new state revenue each year resulting from the policy recommendation.

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Additional State Tax Revenue	$636,695	$1,690,146	$2,491,446	$3,128,142	$3,764,837	$4,401,533	$5,038,228	$5,674,923	$6,311,619	$6,948,314



[9] St. Louis City 2018 CAFR, Table 5, Pg. 206.

V. Additional Information

A. Prior Fiscal Notes on Earnings Tax Measures

The above estimate of new state revenue is consistent with prior estimates of new state revenue from the phase-out of the earnings tax over a period of ten years. This additional information is provided merely for comparison, with differences between the present analysis noted below.

For example, Senate Substitute for Senate Bill 575 (2016) would have phased-out the City of St. Louis earnings tax by one-tenth of one percent each year for ten years.[10] Relying on an estimated $160 million annually in earnings tax revenue and a six percent income tax rate, the Oversight Division assumed an increase in state revenue of up to $1.92 million in the first full tax year and up to $9.6 million annually once the tax is fully eliminated.

Unlike the present analysis, this estimate does not apportion the taxes paid between individuals and businesses and does not apply a deduction factor. Therefore, this estimate likely overstates the additional state revenues that would be generated by the earnings tax phase-out. The payroll expense tax was not phased-out as part of the proposal analyzed by the fiscal note, and therefore the fiscal note does not reflect additional state revenue from the phase-out of the payroll expense tax as provided in the Better Together policy recommendation.

The State Auditor's Office similarly reflected a positive impact to state revenues as a result of the ten year phase-out of the earnings tax.[11] The State Auditor's fiscal note for an initiative petition related to the earnings tax in St. Louis and Kansas City adopted in November 2010 noted that in 2008, the City of St. Louis collected $174.9 million annually in earnings tax and the City of Kansas City collected $202.5 million annually, for a total of $377.4 million in annual earnings taxes paid. The Missouri Department of Revenue reported that $105.9 million in deductions were claimed for earnings taxes in St. Louis and Kansas City in tax year 2008. Assuming a 4.5-percent effective individual income tax rate, the Office of Administration estimated a $4.8 million annual increase in state revenues when fully implemented, and a $500,000 increase in state revenues in the first year of the phase-out. Accordingly, the fiscal summary issued by the Auditor and presented to the voters indicated that if the earnings tax was fully-phased out, "[r]educed earnings tax deductions could increase state revenues by $4.8 million."

Unlike the present analysis, this estimate does not apportion the taxes paid between individuals and businesses and therefore likely understates the additional state revenues that would be generated by the earnings tax phase-out. The payroll expense tax was not phased-out as part of the proposal analyzed by the fiscal note, and therefore the fiscal note does not reflect the additional state revenue from the phase-out of the payroll expense tax provided in the Better Together policy recommendation.

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[10] *See* Fiscal Note for Senate Committee Substitute for Senate Bill 575 (2016), *available at* http://www.moga.mo.gov/OverSight/Over20161//fispdf/5045-05N.ORG.pdf

[11] *See* Fiscal Note (09-62), Office of the Missouri State Auditor, *available at* https://app.auditor.mo.gov/Repository/Notes/09-62.pdf.

B. OA-B&P Response to 2020-039

In its fiscal note response to a prior initiative petition seeking to enact the Better Together policy recommendations (IP 2020-039), the Office of Administration Division of Budget and Planning (OA-B&P) estimated that the Better Together policy recommendations could increase state revenues by $3.2 million once fully implemented. However, OA-B&P assumed that the phase-out of the earnings tax and payroll expense tax would occur over a period of twenty years, rather than over a period of ten years as provided in the language of the policy recommendations. Specifically, the language of the policy recommendation requires the one percent earnings tax to phase out by one-tenth-of-one percent annually for ten years pursuant to existing law, *see* Section 92.015, RSMo., and the one half-percent payroll expense to phase out by one-twentieth of one percent annually over ten years.[12] Based on its assumption that the phase-out was over a 20-year period rather than a 10-year period, OA-B&P reflected an annual increase in state revenues over a period of 20 years from 2022 through 2042, rather than over a 10-year period from 2022 through 2032.

In addition to the longer phase-out period assumed, the OA-B&P fiscal note response also understated the positive impact to state revenue by failing to account for the distinction between individual and business taxpayers, both of whom pay the earnings tax. As discussed above, during FY 2018, the earnings tax revenue base was $3,787,500,000 for businesses and $14,558,200,000 for individuals, which equates to an apportionment of approximately 20.65% business and 79.35% individual. This apportionment affects state tax revenues as individuals who pay the tax report the payment as an itemized deduction on their tax returns. However, a business that pays the tax treats the tax as an expense, which affects the net income of the business. Accordingly, applying a deduction rate to the entire earnings tax, as the OA-B&P fiscal note response does, fails to recognize that a portion of the tax is not required to be itemized in order to impact the income of taxpayers and thereby impact state revenues. The methodology discussed above and reflected in the supporting materials recognizes the apportionment between individuals and businesses in determining state revenue impact by applying a deduction rate to the tax paid by individuals, while not applying a deduction rate to the tax apportioned to businesses.

There are a number of additional distinctions between the present analysis and the OA-B&P response. First, unlike the OA-B&P analysis, the present analysis uses statutory rates of tax recognizing that a portion of the businesses paying the tax are corporations based on the Department of Revenue's apportionment between individual and corporate tax returns. Second, the OA-B&P response does not distinguish between the positive state revenue impact from the earnings tax and payroll expense tax, which further understates the estimated new state revenues. Unlike the earnings tax, which is largely assessed against individual earnings, the payroll expense tax is assessed based on the payroll expenses of businesses. As such, the payroll expense tax is a business cost that would reduce the income of the business and is not a separate itemizable deduction of an individual. Accordingly, no deduction rate should be applied to the payroll

[12] *See* Article VI, Section 30.7(2)(a) ("Upon the failure to submit any question to voters with respect to the continued levy or imposition of any tax on earnings, such tax shall be reduced in *the manner provided by law*, and any tax on payroll expense levied or imposed by a municipality prior to the effective date of this section shall be reduced by one-twentieth of one percent annually until such tax is eliminated.") (emphasis added).

expense tax reduction, and, by doing so, the OA-B&P fiscal note response understates the positive state revenue impact of the Better Together policy proposal.

Finally, the OA-B&P response understates the additional state revenue generated by the Better Together policy recommendation because it does not address the required property tax reductions and the additional state revenues such reductions would generate.

St. Louis City Earnings Tax and Payroll Expense Tax
Analysis of Increased State Tax Revenue
from Reduction and Elimination of Earnings Tax

I. EARNINGS TAX ANALYSIS	**2018**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Revenue Base--Earnings subject to Tax [1]	$ 18,345,700,000	$ 18,345,700,000	$ 18,345,700,000	$ 18,345,700,000	$ 18,345,700,000	$ 18,345,700,000	$ 18,345,700,000	$ 18,345,700,000	$ 18,345,700,000	$ 18,345,700,000	$ 18,345,700,000
Earnings Tax Rate	1.00%	0.90%	0.80%	0.70%	0.60%	0.50%	0.40%	0.30%	0.20%	0.10%	0.00%
Earnings Tax	$ 183,457,000	$ 165,111,300	$ 146,765,600	$ 128,419,900	$ 110,074,200	$ 91,728,500	$ 73,382,800	$ 55,037,100	$ 36,691,400	$ 18,345,700	$ -
A. Individual Earnings Subject to Earnings Tax											
Individual Earnings Percentage of Tax Revenue Base [2]	79.35%	79.35%	79.35%	79.35%	79.35%	79.35%	79.35%	79.35%	79.35%	79.35%	79.35%
Individual Revenue Base	$ 14,558,200,000										
Individual Earnings Tax	$ 145,582,000	$ 131,023,800	$ 116,465,600	$ 101,907,400	$ 87,349,200	$ 72,791,000	$ 58,232,800	$ 43,674,600	$ 29,116,400	$ 14,558,200	$ -
Deduction Rate (per 2008 info) [3]	28.06%										
Deductions of Individual Earnings Tax	$ 40,850,309	$ 36,765,278	$ 32,680,247	$ 28,595,216	$ 24,510,186	$ 20,425,155	$ 16,340,124	$ 12,255,093	$ 8,170,062	$ 4,085,031	$ -
Increased Individual State Income over 2018 (Decrease in Deductions)		$ 4,085,031	$ 8,170,062	$ 12,255,093	$ 16,340,124	$ 20,425,155	$ 24,510,186	$ 28,595,216	$ 32,680,247	$ 36,765,278	$ 40,850,309
Statutory Individual Income Tax Rate [4]	5.900%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%
Additional State Tax Revenue - Individual Earnings[7]		$ 224,677	$ 449,353	$ 674,030	$ 898,707	$ 1,123,384	$ 1,348,060	$ 1,572,737	$ 1,797,414	$ 2,022,090	$ 2,246,767
B. Business Earnings Subject to Earnings Tax											
Business Earnings Percentage of Tax Revenue Base [2]	20.65%										
Business Revenue Base	$ 3,787,500,000										
Business Earnings Tax	$ 37,875,000	$ 34,087,500	$ 30,300,000	$ 26,512,500	$ 22,725,000	$ 18,937,500	$ 15,150,000	$ 11,362,500	$ 7,575,000	$ 3,787,500	$ -
1. Business Earnings Reported by Individuals											
Individual Percent per 2017 Tax Returns Filed in MO [5]	95.35%										
Business Earnings Tax Reported by Individuals	$ 36,113,291	$ 32,501,962	$ 28,890,633	$ 25,279,304	$ 21,667,975	$ 18,056,645	$ 14,445,316	$ 10,833,987	$ 7,222,658	$ 3,611,329	$ -
Increase to Individual Income (Decrease in Earnings Tax Expense, Increased Business Income)		$ 3,611,329	$ 7,222,658	$ 10,833,987	$ 14,445,316	$ 18,056,645	$ 21,667,975	$ 25,279,304	$ 28,890,633	$ 32,501,962	$ 36,113,291
Statutory Individual Income Tax Rate [4]	5.900%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%
Additional State Tax Revenue - Business Earnings at Individual Rates[7]		$ 198,623	$ 397,246	$ 595,869	$ 794,492	$ 993,116	$ 1,191,739	$ 1,390,362	$ 1,588,985	$ 1,787,608	$ 1,986,231
2. Business Earnings Reported by Corporations											
Corporate Percent per 2017 Tax Returns Filed in MO [5]	4.65%										
Business Earnings Tax Reported by Corporations	$ 1,761,709	$ 1,585,538	$ 1,409,367	$ 1,233,196	$ 1,057,025	$ 880,855	$ 704,684	$ 528,513	$ 352,342	$ 176,171	$ -
Increase to Corporate Income (Decrease in Earnings Tax Expense, Increased Corporate Income)		$ 176,171	$ 352,342	$ 528,513	$ 704,684	$ 880,855	$ 1,057,025	$ 1,233,196	$ 1,409,367	$ 1,585,538	$ 1,761,709
Statutory Corporate Income Tax Rate [6]	6.25%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Additional State Tax Revenue - Business Earnings at Corporate Rates[7]		$ 7,047	$ 14,094	$ 21,141	$ 28,187	$ 35,234	$ 42,281	$ 49,328	$ 56,375	$ 63,422	$ 70,468
Total Additional Annual State Tax Revenue - Earnings Tax[7]		**$ 430,347**	**$ 860,693**	**$ 1,291,040**	**$ 1,721,387**	**$ 2,151,733**	**$ 2,582,080**	**$ 3,012,426**	**$ 3,442,773**	**$ 3,873,120**	**$ 4,303,466**

Assumptions:

1. Earnings Tax Revenue Base as reported in St. Louis City FY 2018 CAFR, Table 9 of Statistical Section. Such amounts are constant throughout the term and are not adjusted to reflect inflation.
2. Percentage of Earnings Tax Revenue reported by individuals or business based on FY 2018 Revenue Base as reported at St. Louis City FY 2018 CAFR, Table 9 of Statistical Section.
3. Deductions are based on the same proportion of deductions to the earnings tax per the State Auditor November 2010 Note.
4. 2018 Individual Income Tax Rate is the adjusted rate per RSMo. §§143.011.1 and 143.011.2. Thereafter, the rate is the rate provided per §143.011.3 without additional adjustments.
5. Percentage of Income Tax Returns of Individuals and Corporations based on Missouri DOR Financial and Statistical Report FYE June 20, 2017, Income Tax Summary of Activities.
6. 2018 Corporate Tax Rate is per RSMo. §143.071.2 and 2020 and thereafter is based on §143.071.3.
7. State Tax Revenue impact will be recognized in the year following the taxation. Summary information accounts for such delay by reporting the impact the year following the calculations above.

St. Louis City Earnings Tax and Payroll Expense Tax
Analysis of Increased State Tax Revenue
from Reduction and Elimination of Payroll Expense Tax

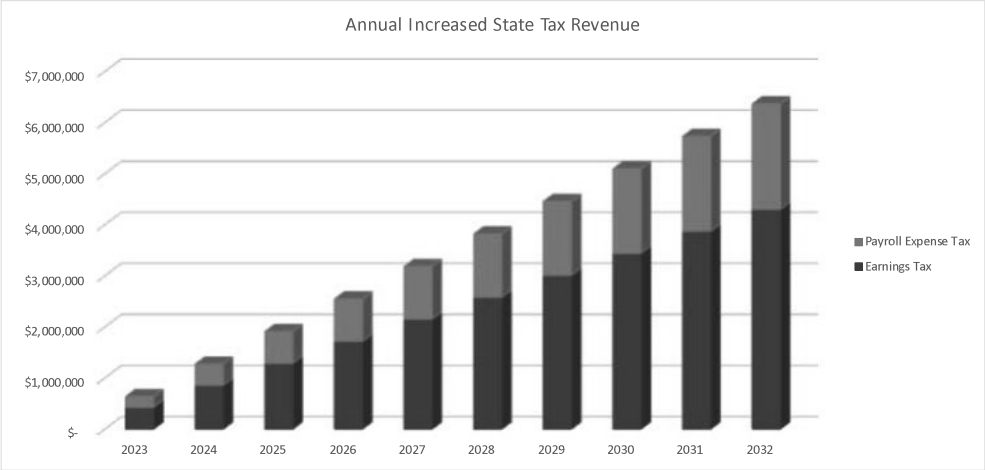
II. PAYROLL EXPENSE TAX ANALYSIS												
	2018	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Payroll Expense subject to Tax [1]	$ 7,600,000,000	$ 7,600,000,000	$ 7,600,000,000	$ 7,600,000,000	$ 7,600,000,000	$ 7,600,000,000	$ 7,600,000,000	$ 7,600,000,000	$ 7,600,000,000	$ 7,600,000,000	$ 7,600,000,000
Payroll Expense Tax Rate	0.50%	0.4500%	0.40%	0.35%	0.30%	0.25%	0.20%	0.15%	0.10%	0.05%	0.00%
Payroll Expense Tax	$ 38,000,000	$ 34,200,000	$ 30,400,000	$ 26,600,000	$ 22,800,000	$ 19,000,000	$ 15,200,000	$ 11,400,000	$ 7,600,000	$ 3,800,000	$ -
A. Business Income (Reduced by Payroll Expense Tax) Reported by Individuals											
Individual Percent per 2017 Tax Returns Filed in MO [5]	95.35%										
Payroll Expense Tax as Reduction to Business Income reported by Individuals	$ 36,232,477	$ 32,609,229	$ 28,985,981	$ 25,362,734	$ 21,739,486	$ 18,116,238	$ 14,492,991	$ 10,869,743	$ 7,246,495	$ 3,623,248	$ -
Increased Business Income subject to Individual Rates		$ 3,623,248	$ 7,246,495	$ 10,869,743	$ 14,492,991	$ 18,116,238	$ 21,739,486	$ 25,362,734	$ 28,985,981	$ 32,609,229	$ 36,232,477
Statutory Individual Income Tax Rate [4]	5.900%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%
Additional State Tax Revenue - Payroll Expense Tax at Individual Rates[7]		$ 199,279	$ 398,557	$ 597,836	$ 797,114	$ 996,393	$ 1,195,672	$ 1,394,950	$ 1,594,229	$ 1,793,508	$ 1,992,786
B. Business Income (Reduced by Payroll Expnese Tax) Reported by Corporations											
Corporate Percent per 2017 Tax Returns Filed in MO [5]	4.65%										
Payroll Expense Tax as Reduction to Business Income reported by Corporations	$ 1,767,523	$ 1,590,771	$ 1,414,019	$ 1,237,266	$ 1,060,514	$ 883,762	$ 707,009	$ 530,257	$ 353,505	$ 176,752	$ -
Increased Business Income subject to Corporate Rates		$ 176,752	$ 353,505	$ 530,257	$ 707,009	$ 883,762	$ 1,060,514	$ 1,237,266	$ 1,414,019	$ 1,590,771	$ 1,767,523
Statutory Corporate Inocme Tax Rate [5]	6.25%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Additional State Tax Revenue - Payroll Expense Tax at Corporate Rates[7]		$ 7,070	$ 14,140	$ 21,210	$ 28,280	$ 35,350	$ 42,421	$ 49,491	$ 56,561	$ 63,631	$ 70,701
Additional Annual State Tax Revenue -- Payroll Expense Tax[7]		**$ 206,349**	**$ 412,697**	**$ 619,046**	**$ 825,395**	**$ 1,031,744**	**$ 1,238,092**	**$ 1,444,441**	**$ 1,650,790**	**$ 1,857,138**	**$ 2,063,487**

Assumptions:

1. Earnings Tax Revenue Base as reported in St. Louis City FY 2018 CAFR, Table 9 of Statistical Section. Such amounts are constant throughout the term and are not adjusted to reflect inflation.
2. Percentage of Earnings Tax Revenue reported by individuals or business based on FY 2018 Revenue Base as reported at St. Louis City FY 2018 CAFR, Table 9 of Statistical Section.
3. Deductions are based on the same proportion of deductions to the earnings tax per the State Auditor November 2010 Note.
4. 2018 Individual Income Tax Rate is the adjusted rate per RSMo. § §143.011.1 and 143.011.2. Thereafter, the rate is the rate provided per §143.011.3 without additional adjustments.
5. Percentage of Income Tax Returns of Individuals and Corporations based on Missouri DOR Financial and Statistical Report FYE June 20, 2017, Income Tax Summary of Activities.
6. 2018 Corporate Tax Rate is per RSMo. §143.071.2 and 2020 and thereafter is based on §143.071.3.
7. State Tax Revenue impact will be recognized in the year following the taxation. Summary information accounts for such delay by reporting the impact the year following the calculations above.

St. Louis City Earnings Tax and Payroll Expense Tax
Summary of Analysis of Increased State Tax Revenue
With One Year Lag for Recognition

	Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
I.	Earnings Tax - Additional State Revenue	$ 430,347	$ 860,693	$ 1,291,040	$ 1,721,387	$ 2,151,733	$ 2,582,080	$ 3,012,426	$ 3,442,773	$ 3,873,120	$ 4,303,466
II.	Payroll Expense Tax -- Additional State Revenue	$ 206,349	$ 412,697	$ 619,046	$ 825,395	$ 1,031,744	$ 1,238,092	$ 1,444,441	$ 1,650,790	$ 1,857,138	$ 2,063,487
Total	**Additional State Tax Revenue (from prior year tax reporting)**	**$ 636,695**	**$ 1,273,391**	**$ 1,910,086**	**$ 2,546,781**	**$ 3,183,477**	**$ 3,820,172**	**$ 4,456,867**	**$ 5,093,563**	**$ 5,730,258**	**$ 6,366,954**



St. Louis City and County Property Tax
Analysis of Increased State Tax Revenue
from Reduction of Property Tax

III.A. ST. LOUIS COUNTY TAX ANALYSIS

	2017-2018				2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
	Assessed Value Subject to Tax[1]	Rate[2]	Tax	New Rate[3]										
Personal Property	$ 3,087,099,360	0.209%	$ 6,452,038	0.1045%	$ 3,226,019	$ 3,226,019	$ 3,226,019	$ 3,226,019	$ 3,226,019	$ 3,226,019	$ 3,226,019	$ 3,226,019	$ 3,226,019	$ 3,226,019
Residential Real Estate	$ 14,563,102,590	0.195%	$ 28,398,050	0.0975%	$ 14,199,025	$ 14,199,025	$ 14,199,025	$ 14,199,025	$ 14,199,025	$ 14,199,025	$ 14,199,025	$ 14,199,025	$ 14,199,025	$ 14,199,025
Commercial Real Estate	$ 6,194,038,230	0.198%	$ 12,264,196	0.0990%	$ 6,132,098	$ 6,132,098	$ 6,132,098	$ 6,132,098	$ 6,132,098	$ 6,132,098	$ 6,132,098	$ 6,132,098	$ 6,132,098	$ 6,132,098
Agricultural Real Estate	$ 6,484,570	0.157%	$ 10,181	0.0785%	$ 5,090	$ 5,090	$ 5,090	$ 5,090	$ 5,090	$ 5,090	$ 5,090	$ 5,090	$ 5,090	$ 5,090
Total Property Tax			$ 47,124,464		$ 23,562,232	$ 23,562,232	$ 23,562,232	$ 23,562,232	$ 23,562,232	$ 23,562,232	$ 23,562,232	$ 23,562,232	$ 23,562,232	$ 23,562,232
A. Individual Property Tax														
Individual Percentage of Property Tax[4]			94.2%		94.2%	94.2%	94.2%	94.2%	94.2%	94.2%	94.2%	94.2%	94.2%	94.2%
Individual Property Tax			$ 44,391,245		$ 22,195,623	$ 22,195,623	$ 22,195,623	$ 22,195,623	$ 22,195,623	$ 22,195,623	$ 22,195,623	$ 22,195,623	$ 22,195,623	$ 22,195,623
Deduction Rate (per 2008 info[5])			28.06%											
Deductions of Individual Property Tax			$ 12,456,183		$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092
Increased Individual State Income over 2018 (Decrease in Deductions)					$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092
Statutory Individual Income Tax Rate[6]			6.000%		5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%
Additional State Tax Revenue - Individual Property Tax[7]					$ 342,545	$ 342,545	$ 342,545	$ 342,545	$ 342,545	$ 342,545	$ 342,545	$ 342,545	$ 342,545	$ 342,545
B. Business Property Tax														
Business Property Tax Percentage[8]			5.8%											
Business Property Tax			$ 2,733,219		$ 1,366,609	$ 1,366,609	$ 1,366,609	$ 1,366,609	$ 1,366,609	$ 1,366,609	$ 1,366,609	$ 1,366,609	$ 1,366,609	$ 1,366,609
1. Business Property Tax Reported by Individuals														
Individual Percent per 2017 Tax Returns Filed in MO			95.35%											
Business Property Tax Reported by Individuals			$ 2,606,087		$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043
Increase to Individual Income (Decrease in Property Tax Expense, Increased Business Income)					$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043
Statutory Individual Income Tax Rate[8]			6.00%		5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%
Additional State Tax Revenue - Business Property Tax at Individual Rates[7]					$ 71,667	$ 71,667	$ 71,667	$ 71,667	$ 71,667	$ 71,667	$ 71,667	$ 71,667	$ 71,667	$ 71,667
2. Business Property Tax Reported by Corporations														
Corporate Percent per 2017 Tax Returns Filed in MO			4.65%											
Business Property Tax Reported by Corporations			$ 127,132		$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566
Increase to Corporate Income (Decrease in Property Tax Expense, Increased Corporate Income)					$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566
Statutory Corporate Income Tax Rate[8]			6.25%		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Additional State Tax Revenue - Business Property Tax at Corporate Rates[9]					$ 2,543	$ 2,543	$ 2,543	$ 2,543	$ 2,543	$ 2,543	$ 2,543	$ 2,543	$ 2,543	$ 2,543
Total Additional Annual State Tax Revenue - Property Tax[7]					**$ 416,755**	**$ 416,755**	**$ 416,755**	**$ 416,755**	**$ 416,755**	**$ 416,755**	**$ 416,755**	**$ 416,755**	**$ 416,755**	**$ 416,755**

Assumptions:

1. Assessed Values per 2017 St. Louis County CAFR, pg 180.
2. St. Louis County 2017 Property Tax Rates General Revenue, Rate Ceilings Appendix VIII Pg 116 of Missouri Auditor 2017 Property Tax Rates.
3. Rate to be effective in 2023 based on a 50% reduction in tax rates.
4. Principal Property Tax Payers are businesses and account for 5.8% of the assessed value per 2017 St. Louis County CAFR, pg. 182. Such percentage is used to segregate the taxes between types of tax payers.
5. Deductions are based on the same proportion of deductions per the State Auditor November 2010 Note.
6. 2017 Individual Income Tax Rate is the adjusted rate per RSMo§§143.011.1 and 143.011.2. Thereafter, the rate is the rate provided per §143.011.3 without additional adjustments.
7. State Tax Revenue impact will be recognized in the year following the taxation. Summary information accounts for such delay by reporting the impact the year following the calculations above.
8. Percentage of Income Tax Returns of Individuals and Corporations based on Missouri DOR Financial and Statistical Report FYE June 20, 2017, Income Tax Summary of Activities.
9. 2018 Corporate Tax Rate is per RSMo§143.071.2 and 2020 and thereafter is based on §143.071.3.

Note per STLouis County CAFR -- approximately 5.8% of the assessed value are businesses - p182

St. Louis City and County Property Tax
Analysis of Increased State Tax Revenue
from Reduction of Property Tax

III.B. ST. LOUIS CITY TAX ANALYSIS

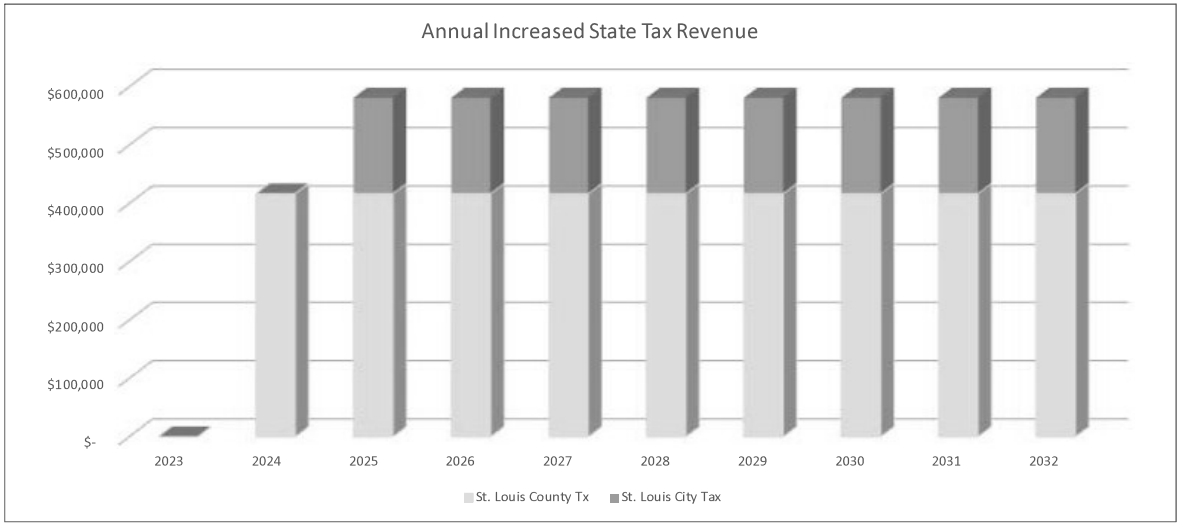
	2017-2018					2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	Assessed Value Subject to Tax[4]	Rate[1]	Tax	Assessed Value Subject to Tax[4]	Rate per County 2023										
Total Property Assessed Value per Auditor Report	$ 4,115,126,888	0.3429%	$ 14,110,770												
Personal Property and Manufacutrer's machinery, tools & equipment				$ 989,674,000	0.1045%	$ 1,034,209.33	$ 1,034,209.33	$ 1,034,209.33	$ 1,034,209.33	$ 1,034,209.33	$ 1,034,209.33	$ 1,034,209.33	$ 1,034,209.33	$ 1,034,209.33	$ 1,034,209.33
Residential Real Estate				$ 2,243,128,000	0.0975%	$ 2,187,049.80	$ 2,187,049.80	$ 2,187,049.80	$ 2,187,049.80	$ 2,187,049.80	$ 2,187,049.80	$ 2,187,049.80	$ 2,187,049.80	$ 2,187,049.80	$ 2,187,049.80
Commercial Real Estate				$ 2,724,759,000	0.0990%	$ 2,697,511.41	$ 2,697,511.41	$ 2,697,511.41	$ 2,697,511.41	$ 2,697,511.41	$ 2,697,511.41	$ 2,697,511.41	$ 2,697,511.41	$ 2,697,511.41	$ 2,697,511.41
Agricultural Real Estate				$ -	0.0785%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Property Tax			$ 14,110,770			$ 5,918,771	$ 5,918,771	$ 5,918,771	$ 5,918,771	$ 5,918,771	$ 5,918,771	$ 5,918,771	$ 5,918,771	$ 5,918,771	$ 5,918,771
A. Individual Property Tax															
Individual Percentage of Property Tax[8]		88.01%				88.01%	88.01%	88.01%	88.01%	88.01%	88.01%	88.01%	88.01%	88.01%	88.01%
Individual Property Tax			$ 12,418,889			$ 5,209,110	$ 5,209,110	$ 5,209,110	$ 5,209,110	$ 5,209,110	$ 5,209,110	$ 5,209,110	$ 5,209,110	$ 5,209,110	$ 5,209,110
Deduction Rate (per 2008 info[3])		28.06%													
Deductions of Individual Property Tax			$ 3,484,740			$ 1,461,676	$ 1,461,676	$ 1,461,676	$ 1,461,676	$ 1,461,676	$ 1,461,676	$ 1,461,676	$ 1,461,676	$ 1,461,676	$ 1,461,676
Increased Individual State Income over 2018 (Decrease in Deductions)			$ -			$ 2,023,064	$ 2,023,064	$ 2,023,064	$ 2,023,064	$ 2,023,064	$ 2,023,064	$ 2,023,064	$ 2,023,064	$ 2,023,064	$ 2,023,064
Statutory Individual Income Tax Rate[5]		6.000%				5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%
Additional State Tax Revenue - Individual Property Tax[6]			$ -			$ 111,269	$ 111,269	$ 111,269	$ 111,269	$ 111,269	$ 111,269	$ 111,269	$ 111,269	$ 111,269	$ 111,269
B. Business Property Tax															
Business Property Tax Percentage[3]		11.99%				11.990%	11.990%	11.990%	11.990%	11.990%	11.990%	11.990%	11.990%	11.990%	11.990%
Business Property Tax			$ 1,691,881			$ 709,661	$ 709,661	$ 709,661	$ 709,661	$ 709,661	$ 709,661	$ 709,661	$ 709,661	$ 709,661	$ 709,661
1. Business Property Tax Reported by Individuals															
Individual Percent per 2017 Tax Returns Filed in MO		95.35%													
Business Property Tax Reported by Individuals			$ 1,613,186			$ 676,652	$ 676,652	$ 676,652	$ 676,652	$ 676,652	$ 676,652	$ 676,652	$ 676,652	$ 676,652	$ 676,652
Increase to Individual Income (Decrease in Property Tax Expense, Increased Business Income)			$ -			$ 936,534	$ 936,534	$ 936,534	$ 936,534	$ 936,534	$ 936,534	$ 936,534	$ 936,534	$ 936,534	$ 936,534
Statutory Individual Income Tax Rate[5]		6.00%				5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%
Additional State Tax Revenue - Business Property Tax at Individual Rates[7]			$ -			$ 51,509	$ 51,509	$ 51,509	$ 51,509	$ 51,509	$ 51,509	$ 51,509	$ 51,509	$ 51,509	$ 51,509
2. Business Property Tax Reported by Corporations															
Corporate Percent per 2017 Tax Returns Filed in MO		4.65%													
Business Property Tax Reported by Corporations			$ 78,696			$ 33,009	$ 33,009	$ 33,009	$ 33,009	$ 33,009	$ 33,009	$ 33,009	$ 33,009	$ 33,009	$ 33,009
Increase to Corporate Income (Decrease in Property Tax Expense, Increased Corporate Income)			$ -			$ 45,687	$ 45,687	$ 45,687	$ 45,687	$ 45,687	$ 45,687	$ 45,687	$ 45,687	$ 45,687	$ 45,687
Statutory Corporate Income Tax Rate[8]		6.25%				4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Additional State Tax Revenue - Business Property Tax at Corporate Rates[7]			$ -			$ 1,827	$ 1,827	$ 1,827	$ 1,827	$ 1,827	$ 1,827	$ 1,827	$ 1,827	$ 1,827	$ 1,827
Total Additional Annual State Tax Revenue - Property Tax[7]						**$ 164,605**	**$ 164,605**	**$ 164,605**	**$ 164,605**	**$ 164,605**	**$ 164,605**	**$ 164,605**	**$ 164,605**	**$ 164,605**	**$ 164,605**

Assumptions:

1. St. Louis City 2017 Property Tax Rates and Assessed Values General Revenue, Rate Ceilings Appendix VII Pg 108 of Missouri Auditor 2017 Property Tax Rates.
2. Assessed values of property categories per 2018 St. Louis City CAFR pg. 206.
3. Principal Property Tax Payers are businesses and account for 11.99% of the assessed value per 2018 St. Louis City CAFR pg 208.
4. Deductions are based on the same proportion of deductions per the State Auditor November 2010 Note.
5. 2017 Individual Income Tax Rate is the adjusted rate per RSMo§§143.011.1 and 143.011.2. Thereafter, the rate is the rate provided per §143.011.3 without additional adjustments.
6. Percentage of Income Tax Returns of Individuals and Corporations based on Missouri DOR Financial and Statistical Report FYE June 20, 2017, Income Tax Summary of Activities.
7. State Tax Revenue impact will be recognized in the year following the taxation. Summary information accounts for such delay by reporting the impact the year following the calculations above.
8. 2018 Corporate Tax Rate is per RSMo§143.071.2 and 2020 and thereafter is based on §143.071.3.

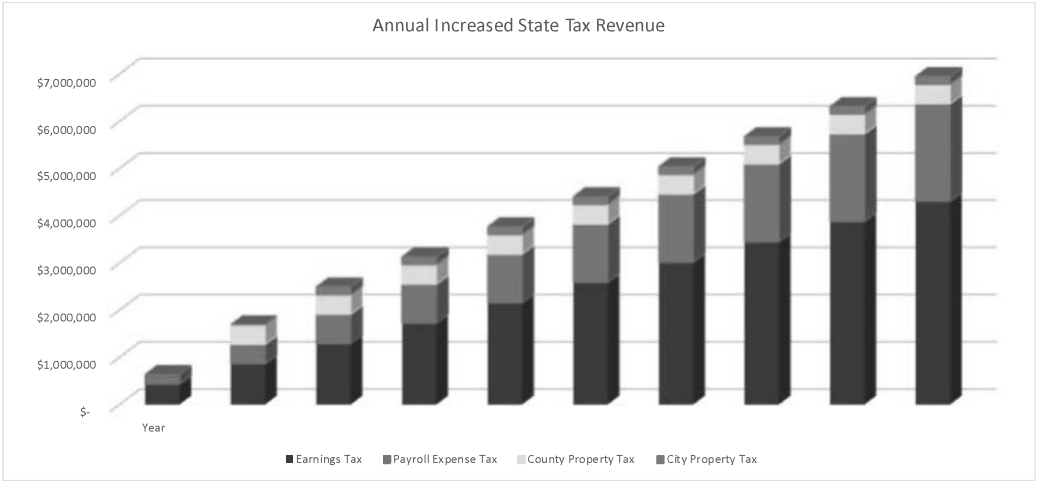
St. Louis City and County Property Tax
Summary of Analysis of Increased State Tax Revenue
With One Year Lag for Recognition

	Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
I.	St. Louis County Property Tax -- Additional State Revenue	$ -	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755
II.	St. Louis City Property Tax -- Additional State Revenue	$ -	$ -	$ 164,605	$ 164,605	$ 164,605	$ 164,605	$ 164,605	$ 164,605	$ 164,605	$ 164,605
Total Additional State Tax Revenue		$ -	$ 416,755	$ 581,360	$ 581,360	$ 581,360	$ 581,360	$ 581,360	$ 581,360	$ 581,360	$ 581,360



Summary of Analysis of Increased State Tax Revenue
Earnings Tax, Payroll Expense Tax & Property Tax
With One Year Lag for Recognition

	Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
I.	Earnings Tax - Additional State Revenue	$ 430,347	$ 860,693	$ 1,291,040	$ 1,721,387	$ 2,151,733	$ 2,582,080	$ 3,012,426	$ 3,442,773	$ 3,873,120	$ 4,303,466	**$ 23,669,065**
II.	Payroll Expense Tax -- Additional State Revenue	$ 206,349	$ 412,697	$ 619,046	$ 825,395	$ 1,031,744	$ 1,238,092	$ 1,444,441	$ 1,650,790	$ 1,857,138	$ 2,063,487	**$ 11,349,179**
III.A.	St. Louis County Property Tax -- Additional State Revenue	$ -	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755	**$ 3,750,796**
III.B.	St. Louis City Property Tax -- Additional State Revenue	$ -	$ -	$ 164,605	$ 164,605	$ 164,605	$ 164,605	$ 164,605	$ 164,605	$ 164,605	$ 164,605	**$ 1,316,843**
Total Additional State Tax Revenue		$ 636,695	$ 1,690,146	$ 2,491,446	$ 3,128,142	$ 3,764,837	$ 4,401,533	$ 5,038,228	$ 5,674,923	$ 6,311,619	$ 6,948,314	**$ 40,085,883**



Summary of Analysis of Increased State Tax Revenue
Earnings Tax, Payroll Expense Tax & Property Tax
Historical Data Computation

ST. Louis City 2018 CAFR Earnings Tax
Earnings Tax Revenue Base

	Business	Individual	Total	Individual Percent	Business Percent
2018	$ 3,787,500	$ 14,558,200	$ 18,345,700	79.35%	20.65%

Earnings Tax Revenue Base as reported in St. Louis City FY 2018 CAFR, Table 9 of Statistical Section. Such amounts are constant throughout the term and are not adjusted to reflect inflation.

MO Department of Revenue 2017 Number of Tax Returns

	Number of Returns	Percentage of Total Returns
Individual	3,002,736	95.35%
Corporation	146,482	4.65%
	3,149,218	

Missouri DOR Financial and Statistical Report FYE June 20, 2017, Income Tax Summary of Activities.

Better Together Policy Recommendations
Analysis of Local Government Savings

Executive Summary

Better Together's policy recommendation will result in significant savings in local government spending in the St. Louis region, beginning with savings of up to $37 million annually in 2023 and increasing to savings of up to $1 billion annually by 2032.

The enclosed analysis demonstrates savings to local governments over the ten-year period post-reorganization (2023 through 2032). The components of this savings include reductions in expenditures and surplus revenues over expenditures. During that period, the Metro City would reduce expenditures by up to $3.2 billion versus the current trend of expenditures over the same time period. In addition, over the same period, the Metro City would generate surplus revenues of $1.6 billion. This would result in a total savings to local governments over the ten-year period of up to $4.8 billion.

The following is a summary of the methodology used in analyzing savings to local governments pursuant to Better Together's policy recommendation.

Key Takeaways

- The Metro City, St. Louis Municipal Corporation, and Municipal Districts will have excess revenues over expenditures following reorganization, even with the phase-out of the earnings tax, payroll expense tax, and reduction in property taxes.

- During the first-year post-reorganization (2023) savings are estimated at up to $37 million based on the conservative assumptions set forth in the accompanying fiscal analysis.

- Because services within the former City of St. Louis will be provided by the Metro City, the St. Louis Municipal Corporation will have the revenue capacity to accelerate the satisfaction of outstanding obligations and debt, including through a refinancing or accelerated debt payments, which would result in additional savings in interest and carrying costs.

- The approximately $360 million in expenditures estimated for Municipal Districts is projected to decrease over time as outstanding obligations are satisfied. As with the St. Louis Municipal Corporation, this is expected to result in additional savings to local governments through the reduction in interest and carrying costs. It will also make additional sales and use tax revenue available to the Metro City to support the provision of general district services.

- The Metro City is estimated to have sales tax revenues in excess of $1 billion by 2025.

- As outstanding obligations are satisfied and continued efficiencies and economies of scale are realized, including through attrition of employees, the consolidation of services, and the implementation of state-of-the-art technology, revenues to the Metro City are expected to exceed expenditures by up to $334 million by 2032.

Savings

Based on modest 1% annual expenditure reduction above inflation, the Metro City will realize an initial reduction in expenditures and surplus of $37 million in 2023. The Metro City will achieve these savings despite additional expenditures necessary to ensure compliance with state law regarding appropriation to a 3% emergency fund and to fund the initial year operating costs of the St. Louis Fire Protection District. The St. Louis Fire Protection District is projected to increase expenditures by $21 million over the status quo. Revenues are available to cover these additional expenditures, while still leaving the Metro City with revenues in excess of expenditures and savings of up to $37 million.

Savings for local governments will reach as much as $250 million annually in 2026, and up to $1 billion annually by 2032. Even with Municipal Districts continuing to spend approximately $360 million annually and fire protection districts continuing to spend $300 million annually, Better Together's policy recommendation would capture much of the estimated overspend in government services compared to peer regions identified in Better Together's prior research—between $750 million and $1 billion annually.[1]

The enclosed analysis demonstrates savings to local governments over the ten-year period post-reorganization (2023 through 2032). The components of this savings to local governments include both reductions in expenditures and surplus revenues over expenditures. During that period, the Metro City would reduce expenditure by up to $3.2 billion, versus the current trend of expenditures over the same time period. In addition, over the same period, the Metro City would generate surplus revenues of $1.6 billion. This would result in a total savings to local governments over the ten-year period of up to $4.8 billion.

Better Together's regional spending comparison report showed that residents of the St. Louis region spend $1,912.84 per capita to deliver services.[2] To provide context, Better Together compared this cost to the budgets of metropolitan peers Louisville (KY) and Indianapolis (IN). Both Louisville and Indianapolis were at one time fragmented but have since consolidated their city and county governments. This research revealed that the per capita cost to fund municipal services in Indianapolis-Marion County was $1,208.11 and $1,094.76 in Louisville-Jefferson County.

By 2032, the Metro City will expend $2,170,858,488 annually on the provision of services in the region, a per capita cost of $1,657.16. This represents a per capita annual savings of $255.68. In 2032, a family of four would save $1,022.72 compared to status quo spending.

Solvency: Revenues Over Expenditures

In the status quo, expenditures are increasing by at least 2% annually due to inflation. The St. Louis Metro City will achieve modest cost savings of 3% annually through the consolidation of services, attrition, and implementation of technology - outpacing inflation to generate a net reduction in local government expenditures of at least 1% annually. This modest annual savings

[1] *See* Report and Recommendations of the City-County Governance Task Force.
[2] *See id.*

leads to increased revenues in excess of expenditures, which can be used to accelerate the servicing and retirement of debt and similar financing obligations.

Status Quo Revenues

As detailed in the enclosed materials, local governments in the City and County collected approximately $2.4 billion in revenues in 2017. Due to the current fragmented government structure, this revenue is divided among the following local governments:

- City of St. Louis: $790 million
- St. Louis County: $700 million
- Municipalities: $730 million
- Fire Protection Districts: $200 million

Better Together's 2017 regional spending comparison showed $2.5 billion in combined spending among the 90 local governments providing municipal services to the St. Louis region, as well as the 23 fire protection districts.[3]

Transition Revenues

Under Better Together's policy recommendation, during each year of the Transition Period (January 1, 2021 through December 31, 2022), revenues from current taxes, licenses, and fees of the City of St. Louis, St. Louis County, and the 88 municipalities would be distributed by the Metro City to the Municipal Districts as required for satisfaction of outstanding obligations and for providing services. Estimated distributions are based on the 2017 Comprehensive Annual Financial Reports (CAFRs) for the Municipalities and the 2017 actual expenditures of the City and County and rely on the following assumptions:

- 2% increase in property tax per standard adjustment/new construction;
- $100 million in additional sales tax revenue to reflect a full year of revenues generated by Prop P in the City and County and an annual 1% growth in sales tax;
- A 20% reduction in Court Fines & Fees due to consolidation of municipal courts;
- The initial one-tenth of one-percent phase-out of the earnings tax and the initial one-twentieth of one-percent phase-out of the payroll expense tax beginning in 2022.

Post-Reorganization Revenues

Post-reorganization (January 1, 2023 and thereafter), revenues from taxes, licenses, and fees of the former City of St. Louis, St. Louis County, and 88 municipalities would be distributed to the Municipal Districts and the St. Louis Municipal Corporation as required for the satisfaction of outstanding obligations and as necessary for services provided by Municipal Districts. In addition, all revenues from property taxes levied solely within the territory of a Municipal District will be distributed to the Municipal District. Municipal districts will also be authorized to levy property taxes or special assessments, levy and collect utility gross receipts taxes, make charges for services, and receive investment income.

[3] *See* Report and Recommendation of the City-County Governance Task Force.

St. Louis Metro City Revenues - Assumptions

- 2% annual increase in property tax per standard adjustment/new construction;
- 1% annual growth in sales tax revenues;
- One-tenth of one percent annual phase-out of earnings tax and one-twentieth of one-percent annual phase out of payroll expense tax;
- One-time 50% reduction of revenue generated by county property tax levied in the former County (approximately $24 million reduction in property taxes);
- Beginning in 2024, replacing the county purposes property tax levy in former City with the lowered general revenue levy within former County (approximately $10 million reduction in property taxes);
- Continued reduction in Court Fines & Fees, with amounts generated in excess of costs distributed to school districts.

Distributions to Municipal Districts - Assumptions

- 2% annual increase in property tax per standard adjustment/new construction;
- Declining sales tax distributions over time as outstanding obligations are satisfied and only sales tax revenues necessary for providing municipal district services are distributed as general district services are assumed by the Metro City.
    - Sales tax revenues necessary for Municipal Districts to provide municipal district services are estimated at approximately $63 million annually.

Distributions to St. Louis Municipal Corporation – Assumptions

- 2% annual increase in property tax per standard adjustment/new construction;
- Declining sales tax revenues distributed to the Municipal Corporation as obligations are satisfied over time;
- One-tenth of one percent annual phase-out of earnings tax and one-twentieth of one-percent annual phase-out of payroll expense tax.

Metro City Expenditures

To demonstrate expenditures and savings, Better Together developed a pro forma budget for the Metro City. Assumptions represent a conservative allocation of greater than or equal to the anticipated cost. Subsequent year budgets assume annual savings of 3%, offset by inflation at a rate of 2%. The specific areas of the Metro City budget targeted for savings would be determined by elected officials of the Metro City during the annual budget process.

Municipal District Expenditures

Municipal Districts will continue to provide municipal services such as parks and recreation, fire protection (for Municipal Districts operating a fire department), trash removal, maintenance of facilities related to municipal district services, and general administration. Municipal Districts may also continue to provide a general district services until such service is provided by the Metro City within the Municipal District. Expenditures reflect the newly-limited authority of Municipal Districts.

- Over time, it is anticipated that Municipal Districts operating a municipal fire department may discontinue doing so and instead contract with neighboring departments or become part of neighboring fire protection districts.

- Expenditures for general administration are likely to decrease over time given the newly-limited authority of Municipal Districts. For example, as reported in Better Together's General Administration Study, Municipal Governance and Management (January 2016), approximately $6 million was expended in 2015 on salaries for city managers, administrators, and clerks throughout the 88 municipalities.[4]

Expenditure Comparison

Based on a comparison of status quo expenditures and expenditures during the first-year post-reorganization, an estimated savings as much as $37 million would be realized during 2023.

- The expenditure comparison also reflects an $21 million increase in fire protection district expenditures to reflect the creation of the St. Louis Fire Protection District. This estimate is 33% more than the City of St. Louis Fire Department's expenditure, which is necessary to account for the district's operation as an independent political subdivision, requiring administrative services such as human resources, legal, accounting, facilities management, etc. The district's operations will be funded out of a dedicated property tax levy and fee revenues, but until such time as voters approve a property tax levy for the district, the Metro City will distribute revenues collected from within the former City to support the district.

- The expenditure comparison also reflects a distribution of $47.3 million to the Metro City's emergency fund as required by state law.

Municipal Corporation Debt Service

- There will be a greater capacity to accelerate the satisfaction of outstanding obligations, particularly within the former City, due to the provision of general district services on a regional basis. This greater capacity is expected to reduce debt-related expenditures over time.
- The $952 million in total outstanding debt is based on the City's FY19 Annual Operating Plan.

[4] *See* Report and Recommendations of City-County Governance Task Force.

Expenditures	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
Status Quo [1]	$ 2,417,654,646	$ 2,466,007,739	$ 2,515,327,894	$ 2,565,634,452	$ 2,616,947,141	$ 2,669,286,083	$ 2,722,671,805	$ 2,777,125,241	$ 2,832,667,746	$ 2,889,321,101	$ 26,472,643,847
Post-Reorganization (Required) [2]	$ 2,443,375,366	$ 2,418,073,766	$ 2,402,212,305	$ 2,386,914,852	$ 2,372,134,026	$ 2,357,831,940	$ 2,343,978,332	$ 2,207,171,781	$ 2,183,403,135	$ 2,170,858,488	$ 23,285,953,991
Expenditure Reductions	$ (25,720,720)	$ 47,933,973	$ 113,115,589	$ 178,719,600	$ 244,813,115	$ 311,454,143	$ 378,693,473	$ 569,953,460	$ 649,264,611	$ 718,462,613	$ 3,186,689,857
Surplus	$ 63,455,374	$ 76,345,179	$ 89,200,557	$ 102,026,001	$ 137,609,825	$ 127,605,161	$ 140,367,964	$ 276,687,003	$ 300,308,877	$ 334,224,902	$ 1,647,830,843
Savings	**$ 37,734,654**	**$ 124,279,152**	**$ 202,316,146**	**$ 280,745,601**	**$ 382,422,940**	**$ 439,059,304**	**$ 519,061,437**	**$ 846,640,463**	**$ 949,573,488**	**$ 1,052,687,515**	**$ 4,834,520,700**
3% Mandatory Appropriation to Emergency Fund of STL Metro City	$47,278,230	$ 49,272,522	$ 50,968,160	$ 52,424,711	$ 53,689,973	$ 54,802,318	$ 55,792,563	$ 56,494,756	$ 57,176,745	$ 57,841,205	

	Status Quo	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
REVENUES											
Municipal Governance											
Total	$2,226,074,088	$2,321,663,940	$2,316,018,827	$2,310,585,615	$2,305,367,555	$2,323,151,753	$2,295,590,172	$2,291,037,632	$2,286,713,809	$2,282,622,242	$2,299,941,228
Fire Protection Districts											
Total	$204,430,024	$232,445,030	$236,401,381	$240,436,860	$244,553,048	$248,751,559	$253,034,041	$257,402,173	$261,857,667	$266,402,271	$271,037,767
TOTAL REVENUES	$2,430,504,112	$2,554,108,970	$2,552,420,208	$2,551,022,475	$2,549,920,603	$2,571,903,312	$2,548,624,213	$2,548,439,805	$2,548,571,476	$2,549,024,513	$2,570,978,995
EXPENDITURES											
Municipal Governance [3]											
Total	$2,202,409,303	$1,696,134,295	$1,679,172,952	$1,662,381,223	$1,645,757,410	$1,629,299,836	$1,613,006,838	$1,596,876,769	$1,580,908,002	$1,565,098,922	$1,549,447,933
Municipal Districts [4]											
Total	$0	$360,622,998	$357,016,768	$353,446,600	$349,912,134	$346,413,013	$342,948,883	$339,519,394	$336,124,200	$332,762,958	$329,435,329
Municipal Corporation (Required)											
Total	$0	$134,446,000	$134,446,000	$134,446,000	$134,446,000	$134,446,000	$134,446,000	$134,446,000	$10,878,000	$0	$0
Fire Protection Districts [5]											
Total	$215,245,343	$299,450,303	$305,439,309	$311,548,095	$317,779,057	$324,134,638	$330,617,331	$337,229,678	$343,974,271	$350,853,757	$357,870,832
TOTAL EXPENDITURES	$2,417,654,646	$2,490,653,596	$2,476,075,029	$2,461,821,918	$2,447,894,602	$2,434,293,487	$2,421,019,052	$2,408,071,841	$2,271,884,473	$2,248,715,636	$2,236,754,093
REVENUES OVER (UNDER) EXPENDITURES	**$ 12,849,466**	**$ 63,455,374**	**$ 76,345,179**	**$ 89,200,557**	**$ 102,026,001**	**$ 137,609,825**	**$ 127,605,161**	**$ 140,367,964**	**$ 276,687,003**	**$ 300,308,877**	**$ 334,224,902**
EXPENDITURES											
Municipal Governance [6]											
Total	$2,202,409,303	$1,696,134,295	$1,679,172,952	$1,662,381,223	$1,645,757,410	$1,629,299,836	$1,613,006,838	$1,596,876,769	$1,580,908,002	$1,565,098,922	$1,549,447,933
Municipal Districts [7]											
Total	$0	$360,622,998	$357,016,768	$353,446,600	$349,912,134	$346,413,013	$342,948,883	$339,519,394	$336,124,200	$332,762,958	$329,435,329
Municipal Corporation (Accelerated)											
Total	$0	$201,280,545	$194,653,590	$169,767,608	$145,271,389	$143,910,132	$97,116,736	$0	$0	$0	$0
Fire Protection Districts [8]											
Total	$215,245,343	$299,450,303	$305,439,309	$311,548,095	$317,779,057	$324,134,638	$330,617,331	$337,229,678	$343,974,271	$350,853,757	$357,870,832
TOTAL EXPENDITURES	$2,417,654,646	$2,557,488,141	$2,536,282,619	$2,497,143,526	$2,458,719,991	$2,443,757,619	$2,383,689,788	$2,273,625,841	$2,261,006,473	$2,248,715,636	$2,236,754,093
REVENUES OVER (UNDER) EXPENDITURES	**$ 12,849,466**	**$ (3,379,171)**	**$ 16,137,589**	**$ 53,878,949**	**$ 91,200,612**	**$ 128,145,693**	**$ 164,934,425**	**$ 274,813,964**	**$ 287,565,003**	**$ 300,308,877**	**$ 334,224,902**

Revenue Source [9]	Total	City of St. Louis	Saint Louis County	Municipalities	Fire Protection Districts
Property Tax	$256,344,992	$70,536,000	$108,866,020	$76,942,972	$179,169,465
Sales Tax	$851,752,586	$189,075,000	$342,616,521	$320,061,065	$0
Utility Gross Receipts	$207,458,395	$71,364,000	$30,225,330	$105,869,065	$0
Court Fines & Fees	$23,889,368	$2,340,000	$1,732,940	$19,816,428	$0
Licenses, Fees, Permits	$146,804,335	$30,559,000	$68,351,895	$47,893,440	$2,698,062
Charges for Services	$143,297,057	$47,860,000	$47,993,146	$47,443,911	$19,788,740
Intergovernmental	$204,208,918	$97,511,000	$36,335,618	$70,362,300	$0
Investment Income	$19,539,793	$71,000	$4,638,030	$14,830,763	$987,362
Earnings	$173,774,000	$173,774,000	$0	$0	$0
Payroll	$37,973,000	$37,973,000	$0	$0	$0
Other	$161,031,644	$65,934,000 [10]	$64,951,381	$30,146,263	$1,786,395
Total	**$2,226,074,088**	**$786,997,000**	**$705,710,881**	**$733,366,207**	**$204,430,024**

Function			Total	City of St. Louis	Saint Louis County	Municipalities	Fire Protection Districts
Economic Development & Infrastructure	Economic Development Partnership		$4,877,020	$0	$4,877,020	$0	$0
	Planning		$8,956,972	$1,272,000	$1,515,206	$6,169,766	$0
	Transportation, Public Works, Streets, and Facilities		$460,716,795	$93,755,000	$120,794,210	$246,167,585	$0
Health & Well Being	Children's Service Fund		$54,365,603	$0	$54,365,603	$0	$0
	Human Services		$54,604,908	$50,214,000	$4,390,908	$0	$0
	Public Administrator		$1,113,799	$358,000	$755,799	$0	$0
	Public Health		$70,878,426	$22,412,000	$48,466,426	$0	$0
Public Safety	Emergency Communications		$15,329,033	$0	$15,329,033	$0	$0
	Judicial Administration (Circuit Courts)		$36,752,701	$10,681,000	$26,071,701	$0	$0
	Justice Services (Jails)		$87,454,855	$63,474,000	$23,980,855	$0	$0
	Municipal Court		$13,077,150	$2,272,000	$1,686,624	$9,118,526	$0
	Police		$472,372,891	$165,586,000	$109,351,873	$197,435,018	$0
	Prosecuting Attorney		$19,048,608	$9,681,000	$9,367,608	$0	$0
	Code Enforcement		$25,546,515	$16,360,000	$9,186,515	$0	$0
	Fire Protection		$127,498,494	$63,312,000	$0	$64,186,494	$215,245,343
	Other		$47,429,000	$47,429,000 [11]	$0	$0	$0
Recreation & Culture	Parks & Recreation		$112,684,888	$16,269,000	$28,411,598	$68,004,290	$0
General Government	Administration		$132,394,410	$18,018,000	$16,947,506	$97,428,904	$0
	Assessor		$15,523,062	$4,285,000	$11,238,062	$0	$0
	Council		$4,544,195	$2,941,000	$1,603,195	$0	$0
	Legal		$14,824,030	$11,745,000	$3,079,030	$0	$0
	Executive		$3,632,589	$2,236,000	$1,396,589	$0	$0
	Board of Elections		$7,702,804	$2,685,000	$5,017,804	$0	$0
	Information Technology		$12,172,317	$5,479,000	$6,693,317	$0	$0
	Miscellaneous Expenditures	Non-Departmental	$24,587,954	$5,901,000	$1,604,117	$17,082,837	$0
		Emergency Fund	$0	$0	$0	$0	$0
		Debt Service & Other Obligations	$175,194,723	$89,772,000 [12]	$7,727,998	$77,694,725	$0
		Mass Transit & Transportation	$186,668,569	$40,519,000	$146,149,569	$0	$0
		Special District Obligations	$10,911,466	$0	$10,911,466	$0	$0
		Convention & Recreation	$10,362,436	$0	$10,362,436	$0	$0
		Total	$2,211,226,213	$746,656,000	$681,282,068	$783,288,145	$215,245,343
					$2,426,471,556		

Transition Government: St. Louis Metro City + Municipal Districts

Revenue Source		2021	2022	Fire Protection Districts
Property Tax [13]		$272,035,356	$277,476,063	$190,136,070
Sales Tax [14]		$967,461,541	$977,136,156	$0
Utility Gross Receipts		$207,458,395	$207,458,395	$0
Court Fines & Fees [15]		$19,111,494	$15,289,195	$0
Licenses, Fees, Permits		$146,804,335	$146,804,335	$2,698,062
Charges for Services		$143,297,057	$143,297,057	$19,788,740
Intergovernmental		$204,208,918	$204,208,918	$0
Investment Income		$19,539,793	$19,539,793	$987,362
Earnings [16]		$173,774,000	$156,396,600	$0
Payroll [17]		$37,973,000	$34,175,700	$0
Other		$161,031,644	$161,031,644	$1,786,395
	Total	**$2,352,695,533**	**$2,342,813,857**	**$215,396,629**

Revenues to the St. Louis Metro City

Revenue Source	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Property Tax [18]	$283,025,584	$288,686,096	$294,459,818	$300,349,014	$306,355,994	$312,483,114	$318,732,776	$325,107,432	$331,609,581	$338,241,772
Sales Tax [19]	$986,907,518	$996,776,593	$1,006,744,359	$1,016,811,803	$1,026,979,921	$1,037,249,720	$1,047,622,217	$1,058,098,439	$1,068,679,424	$1,079,366,218
Utility Gross Receipts	$207,458,395	$207,458,395	$207,458,395	$207,458,395	$207,458,395	$207,458,395	$207,458,395	$207,458,395	$207,458,395	$207,458,395
Court Fines & Fees [20]	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000
Licenses, Fees, Permits	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335
Charges for Services [21]	$133,930,153	$133,930,153	$133,930,153	$133,930,153	$133,930,153	$133,930,153	$133,930,153	$133,930,153	$133,930,153	$133,930,153
Intergovernmental	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918
Investment Income	$19,539,793	$19,539,793	$19,539,793	$19,539,793	$19,539,793	$19,539,793	$19,539,793	$19,539,793	$19,539,793	$19,539,793
Earnings [22]	$139,019,200	$121,641,800	$104,264,400	$86,887,000	$69,509,600	$52,132,200	$34,754,800	$17,377,400	$0	$0
Payroll [23]	$30,378,400	$26,581,100	$22,783,800	$18,986,500	$37,973,000	$11,391,900	$7,594,600	$3,797,300	$0	$0
Other	$161,031,644	$161,031,644	$161,031,644	$161,031,644	$161,031,644	$161,031,644	$161,031,644	$161,031,644	$161,031,644	$161,031,644
Total	**$2,321,663,940**	**$2,316,018,827**	**$2,310,585,615**	**$2,305,367,555**	**$2,323,151,753**	**$2,295,590,172**	**$2,291,037,632**	**$2,286,713,809**	**$2,282,622,242**	**$2,299,941,228**

Revenues of the St. Louis Metro City for General and Municipal Services and St. Louis Metro City Obligations

Revenue Source	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Property Tax	$190,461,689	$194,270,923	$198,156,341	$202,119,468	$206,161,857	$210,285,095	$214,490,796	$218,780,612	$223,156,225	$227,619,349
Sales Tax	$701,436,071	$764,103,236	$816,739,093	$861,327,668	$899,460,683	$932,415,593	$961,218,052	$980,334,691	$998,692,050	$1,016,377,582
Utility Gross Receipts	$101,589,344	$101,589,344	$101,589,344	$101,589,344	$101,589,344	$101,589,344	$101,589,344	$101,589,344	$101,589,344	$101,589,344
Court Fines & Fees	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000
Licenses, Fees, Permits	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335
Charges for Services	$86,486,242	$86,486,242	$86,486,242	$86,486,242	$86,486,242	$86,486,242	$86,486,242	$86,486,242	$86,486,242	$86,486,242
Intergovernmental	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918
Investment Income	$4,709,030	$4,709,030	$4,709,030	$4,709,030	$4,709,030	$4,709,030	$4,709,030	$4,709,030	$4,709,030	$4,709,030
Other	$130,885,381	$130,885,381	$130,885,381	$130,885,381	$130,885,381	$130,885,381	$130,885,381	$130,885,381	$130,885,381	$130,885,381
Total	**$1,575,941,010**	**$1,642,417,408**	**$1,698,938,684**	**$1,747,490,386**	**$1,789,665,790**	**$1,826,743,938**	**$1,859,752,099**	**$1,883,158,553**	**$1,905,891,525**	**$1,928,040,181**

Distributions to Municipal Districts for Municipal Services and Municipal District Obligations

Revenue Source	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Property Tax	$84,951,258	$86,650,283	$88,383,289	$90,150,955	$91,953,974	$93,793,053	$95,668,914	$97,582,293	$99,533,938	$101,524,617
Sales Tax [24]	$242,509,447	$194,007,558	$155,206,046	$124,164,837	$99,331,869	$79,465,496	$63,572,396	$57,215,157	$51,493,641	$46,344,277
Utility Gross Receipts	$105,869,051	$105,869,051	$105,869,051	$105,869,051	$105,869,051	$105,869,051	$105,869,051	$105,869,051	$105,869,051	$105,869,051
Charges for Services [25]	$47,443,911	$47,443,911	$47,443,911	$47,443,911	$47,443,911	$47,443,911	$47,443,911	$47,443,911	$47,443,911	$47,443,911
Investment Income	$14,830,763	$14,830,763	$14,830,763	$14,830,763	$14,830,763	$14,830,763	$14,830,763	$14,830,763	$14,830,763	$14,830,763
Other	$30,146,263	$30,146,263	$30,146,263	$30,146,263	$30,146,263	$30,146,263	$30,146,263	$30,146,263	$30,146,263	$30,146,263
Total	**$525,750,693**	**$478,947,829**	**$441,879,323**	**$412,605,779**	**$389,575,831**	**$371,548,537**	**$357,531,299**	**$353,087,437**	**$349,317,568**	**$346,158,882**

Distributions to Municipal Corporation for Municipal Corporation Obligations

Revenue Source	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Property Tax	$7,612,637	$7,764,890	$7,920,188	$8,078,591	$8,240,163	$8,404,966	$8,573,066	$8,744,527	$8,919,418	$9,097,806
Sales Tax [26]	$42,962,000	$38,665,800	$34,799,220	$31,319,298	$28,187,368	$25,368,631	$22,831,768	$20,548,591	$18,493,732	$16,644,359
Earnings	$139,019,200	$121,641,800	$104,264,400	$86,887,000	$69,509,600	$52,132,200	$34,754,800	$17,377,400	$0	$0
Payroll	$30,378,400	$26,581,100	$22,783,800	$18,986,500	$37,973,000	$11,391,900	$7,594,600	$3,797,300	$0	$0
Total	**$219,972,237**	**$194,653,590**	**$169,767,608**	**$145,271,389**	**$143,910,132**	**$97,297,698**	**$73,754,234**	**$50,467,818**	**$27,413,150**	**$25,742,165**

Fire Protection Districts

Revenue Source	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Property Tax	$197,817,567	$201,773,918	$205,809,397	$209,925,585	$214,124,096	$218,406,578	$222,774,710	$227,230,204	$231,774,808	$236,410,304
Licenses, Fees, Permits	$2,698,062	$2,698,062	$2,698,062	$2,698,062	$2,698,062	$2,698,062	$2,698,062	$2,698,062	$2,698,062	$2,698,062
Charges for Services [27]	$29,155,644	$29,155,644	$29,155,644	$29,155,644	$29,155,644	$29,155,644	$29,155,644	$29,155,644	$29,155,644	$29,155,644
Investment Income	$987,362	$987,362	$987,362	$987,362	$987,362	$987,362	$987,362	$987,362	$987,362	$987,362
Other	$1,786,395	$1,786,395	$1,786,395	$1,786,395	$1,786,395	$1,786,395	$1,786,395	$1,786,395	$1,786,395	$1,786,395
	$232,445,030	**$236,401,381**	**$240,436,860**	**$244,553,048**	**$248,751,559**	**$253,034,041**	**$257,402,173**	**$261,857,667**	**$266,402,271**	**$271,037,767**

	Function		St. Louis Metro City
	Economic Development Partnership		$4,877,020
Economic Development & Infrastructure	Planning		$8,956,972
	Transportation, Public Works, Streets, and Facilities		$424,491,047
	Children's Service Fund		$54,365,603
Health & Well Being	Human Services		$54,604,908
	Public Administrator		$1,113,799
	Public Health		$70,878,426
	Emergency Communications		$15,329,033
	Judicial Administration (Circuit Courts)		$36,752,701
	Justice Services (Jails)		$87,454,855
	Municipal Court		$9,088,000 [28]
Public Safety	Police		$472,372,891
	Prosecuting Attorney		$19,048,608
	Code Enforcement		$25,546,515
	Fire Protection		$0
	Other		$2,755,000
Recreation & Culture	Parks & Recreation		$44,680,598
	Administration		$34,965,506
	Assessor		$15,523,062
	Council		$4,544,195
	Legal		$14,824,030
	Executive		$3,632,589
	Board of Elections		$7,702,804
General Government	Information Technology		$12,172,317
	Miscellaneous	Non-Departmental	$7,505,117
		Emergency Fund	$47,278,230
		Debt Service & Other Obligations	$7,727,998
		Mass Transit & Transportation	$186,668,569
		Special District Obligations	$10,911,466
		Convention & Recreation	$10,362,436
		Total	**$1,696,134,295**

	Function	Municipal Districts
Infrastructure	Capital Outlay & Facilities	$36,225,748
Public Safety	Municipal District: Fire Departments	$64,186,494
Recreation & Culture	Parks & Recreation	$68,004,290
	Administration	$97,428,904
General Administration	Non-Departmental	$17,082,837
	Debt Service & Other Obligations	$77,694,725
	Total	**$360,622,998**

			Status Quo				First-Year Post-Reorganization			
	Function		City of St. Louis	Saint Louis County	Municipalities	Fire Protection Districts	St. Louis Metro City	Municipal Corporation	Municipal Districts	Fire Protection Districts
	Economic Development Partnership		$0	$4,877,020	$0	$0	$4,877,020	$0	$0	$0
Economic Development & Infrastructure	Planning		$1,272,000	$1,515,206	$6,169,766	$0	$8,956,972	$0	$0	$0
	Transportation, Public Works, Streets, and Facilities		$93,755,000	$120,794,210	$246,167,585	$0	$424,491,047	$0	$36,225,748	$0
	Children's Service Fund		$0	$54,365,603	$0	$0	$54,365,603	$0	$0	$0
Health & Well Being	Human Services		$50,214,000	$4,390,908	$0	$0	$54,604,908	$0	$0	$0
	Public Administrator		$358,000	$755,799	$0	$0	$1,113,799	$0	$0	$0
	Public Health		$22,412,000	$48,466,426	$0	$0	$70,878,426	$0	$0	$0
	Emergency Communications		$0	$15,329,033	$0	$0	$15,329,033	$0	$0	$0
	Judicial Administration (Circuit Courts)		$10,681,000	$26,071,701	$0	$0	$36,752,701	$0	$0	$0
	Justice Services (Jails)		$63,474,000	$23,980,855	$0	$0	$87,454,855	$0	$0	$0
	Municipal Court		$2,272,000	$1,686,624	$9,118,526	$0	$9,088,000	$0	$0	$0
Public Safety	Police		$165,586,000	$109,351,873	$197,435,018	$0	$472,372,891	$0	$0	$0
	Prosecuting Attorney		$9,681,000	$9,367,608	$0	$0	$19,048,608	$0	$0	$0
	Code Enforcement		$16,360,000	$9,186,515	$0	$0	$25,546,515	$0	$0	$0
	Fire Protection		$63,312,000	$0	$55,369,584	$215,245,343	$0	$0	$64,186,494	$299,450,303 [2
	Other		$47,429,000	$0	$0	$0	$2,755,000	$0	$0	$0
Recreation & Culture	Parks & Recreation		$16,269,000	$28,411,598	$68,004,290	$0	$44,680,598	$0	$68,004,290	$0
	Administration		$18,018,000	$16,947,506	$97,428,904	$0	$34,965,506	$0	$97,428,904	$0
	Assessor		$4,285,000	$11,238,062	$0	$0	$15,523,062	$0	$0	$0
	Council		$2,941,000	$1,603,195	$0	$0	$4,544,195	$0	$0	$0
	Legal		$11,745,000	$3,079,030	$0	$0	$14,824,030	$0	$0	$0
	Executive		$2,236,000	$1,396,589	$0	$0	$3,632,589	$0	$0	$0
	Board of Elections		$2,685,000	$5,017,804	$0	$0	$7,702,804	$0	$0	$0
General Government	Information Technology		$5,479,000	$6,693,317	$0	$0	$12,172,317	$0	$0	$0
		Non-Departmental	$5,901,000	$1,604,117	$17,082,837	$0	$7,505,117	$0	$17,082,837	$0
		Emergency Fund	$0	$0	$0	$0	$47,278,230	$0	$0	$0
	Miscellaneous	Debt Service & Other Obligations	$89,772,000	$7,727,998	$77,694,725	$0	$7,727,998	$134,446,000 [30]	$77,694,725	$0
		Mass Transit & Transportation	$40,519,000	$146,149,569	$0	$0	$186,668,569	$0	$0	$0
		Special District Obligations	$0	$10,911,466	$0	$0	$10,911,466	$0	$0	$0
		Convention & Recreation	$0	$10,362,436	$0	$0	$10,362,436	$0	$0	$0
		Total	$746,656,000	$681,282,068	$774,471,235	$215,245,343	$1,696,134,295	$134,446,000	$360,622,998	$299,450,303
				2,417,654,646				**$2,490,653,596**		

Municipal Corporation Debt Service & Other Obligations

Payment Schedule	2023	2024	2025	2026	2027	2028	2029	2030
Total Outstanding Debt [31]	$ (952,000,000)	$ (817,554,000)	$ (683,108,000)	$ (548,662,000)	$ (414,216,000)	$ (279,770,000)	$ (145,324,000)	$ (10,878,000)
Required Debt Payment	$ 134,446,000	$ 134,446,000	$ 134,446,000	$ 134,446,000	$ 134,446,000	$ 134,446,000	$ 134,446,000	$ 10,878,000
	$ (817,554,000)	**$ (683,108,000)**	**$ (548,662,000)**	**$ (414,216,000)**	**$ (279,770,000)**	**$ (145,324,000)**	**$ (10,878,000)**	**$ -**
Total Outstanding Debt	$ (952,000,000)	$ (750,719,455)	$ (556,065,865)	$ (386,298,257)	$ (241,026,868)	$ (97,116,736)	$ -	$ -
Required Debt Payment	$ 134,446,000	$ 134,446,000	$ 134,446,000	$ 134,446,000	$ 134,446,000	$97,116,736	$ -	$ -
Accelerated Debt Payment [3	$ 66,834,545	$ 60,207,590	$ 35,321,608	$ 10,825,389	$ 9,464,132	$ -	$ -	$ -
	$ (750,719,455)	**$ (556,065,865)**	**$ (386,298,257)**	**$ (241,026,868)**	**$ (97,116,736)**	**$ -**	**$ -**	**$ -**

[1] Reflects 2% Annual Inflation

[2] Assumes Metro City will achieve annual savings of 3%, outpacing 2% inflation and resulting in a 1% decrease in annual spending.

[3] Assumes Metro City will achieve annual savings of 3%, outpacing 2% inflation and resulting in a 1% decrease in annual spending.

[4] Assumes Metro City will achieve annual savings of 3%, outpacing 2% inflation and resulting in a 1% decrease in annual spending.

[5] Reflects 2% Annual Inflation

[6] Assumes Metro City will achieve annual savings of 3%, outpacing 2% inflation and resulting in a 1% decrease in annual spending.

[7] Assumes Metro City will achieve annual savings of 3%, outpacing 2% inflation and resulting in a 1% decrease in annual spending.

[8] Reflects 2% Annual Inflation

[9] City: FY18 Cash Basis Governmental Funds as provided by City of St. Louis (Date)
County: FY17 Cash Basis Governmental Funds as provided by St. Louis County (Date)
Municipalities: 16-17 CAFRs

[10] Includes "Other" & "Miscellaenous"

[11] Includes:
Other: $2,755
PS Pensions: $44,674

[12] Includes:
Debt Service: $67,354
Capital Other: $22,418

[13] 2% increase in property tax per standard adjustment/new construction

[14] $89.9 additional sales tax revenue to reflect a full year of revenues generated by Prop P in the City and County and an annual 1% growth in sales tax

[15] 20% reduction in Court Fines & Fees due to consolidation of municipal courts

[16] One-tenth of one-percent phase-out of the earnings tax beginning in 2022

[17] One-twentieth of one-percent phase-out of the payroll expense tax beginning in 2022.

[18] 2% increase in property tax per standard adjustment/new construction

[19] Annual 1% growth

[20] City Municipal Court Revenues multiplied by 4.

$2,340,000 x 4 = $9,360,000

[21] Deducts $9,366,904 to reflect EMS fees of City of St. Louis Fire Department being received by newly created St. Louis FPD

[22] One-tenth of one-percent phase-out of the earnings tax beginning in 2022

[23] One-twentieth of one-percent phase-out of the payroll expense tax beginning in 2022.

[24] See Supplemental Sales Tax Revenue. Dedicated sales taxes for Parks/Stormwater, Fire, Debt Service, Capital Improvements continue to be received by Municipal Districts until obligations they secure are retired or municipal district services to which they relate are no longer provided by the Municipal District.

[25] Municipal Districts will have the authority to assess a charge for service for the provision of services of parks and recreation, community programs, fire services, and other municipal services provided by the Municipal District.

[26] See Supplemental Sales Tax Revenue. Dedicated sales taxes for Parks/Stormwater, Fire, Debt Service, Capital Improvements continue to be received by Municipal Districts until obligations they secure are retired or municipal district services to which they relate are no longer provided by the Municipal District.

City of St. Louis: $42,962,000 based on FY18 Cash Basis

[27] $9,366,904 increase to reflect EMS fees of City of St. Louis Fire Department being received by newly created St. Louis FPD

[28] Municipal Court consolidation occurs in 2022. Cost projection based on City expenditure x 4.

$2,272,000 x 4 = $9,088,000

[29] Reflects Status Quo $215M expenditure with added $84,204,960M expenditure of new STL FPD

STL FPD expenditure derived from STL Fire Department $63M expenditure + 33% ($21M)

[30] Includes:
City Debt Service: $67,354
City Capital Other: $22,418
City PS Pensions: $44,674

[31] City of St. Louis Annual Operating Plan FY19, p.A-5

Total Outstanding Debt: $1.7Billion
44% Revenue Bonds

56% of $1.7B = $952M

[32] Distributions to Municipal Corporation for Municipal Corporation Obligations less the required debt payment.

Better Together Policy Recommendations
Analysis of Municipal District Revenues and Expenditures

Executive Summary

Better Together's policy recommendation will result in significant savings in local government spending in the St. Louis region, beginning with savings of up to $37 million annually in 2023 and increasing to savings of up to $1 billion annually by 2032.

The enclosed analysis demonstrates the impact of Better Together's policy recommendations on individual municipalities in St. Louis County, which would continue as Municipal Districts providing municipal services such as parks and recreation, fire protection (for municipal districts operating a fire department), trash removal, maintenance of facilities related to municipal district services, and general administration. Municipal Districts may also continue to provide a general district services until such service is provided by the Metro City within the Municipal District.

Beginning in 2023, the Metro City would distribute revenues up to $526 million to Municipal Districts and expenditures of Municipal Districts are estimated at up to $360 million, with total revenues in excess of expenditures for all Municipal Districts of up to $165 million.

The enclosed analysis shows 23 individual Municipal Districts are estimated to receive revenues below expenditures, ranging from $5,000 in Hillsdale to $1.9 million in Richmond Heights; and a combined total of expenditures in excess of revenues for these 23 municipal districts to be up to $9 million. For these 23 municipal districts, the Better Together policy recommendation provides that the Metro City would distribute revenues generated within the boundaries of that Municipal District from any revenue source (including sales tax revenue) as necessary for the provision of municipal services. There is an estimated $50 million in TIF revenue reflected in Municipality data that could be eligible for distribution by the Metro City to Municipal Districts, resulting in a projected total of $526 million in distributions in 2023. Due to TIF revenue, some Municipal Districts shown as making expenditures in excess of revenues, may nonetheless be receiving net positive revenues.

Municipal District Revenues

Better Together used 2016 and 2017 Comprehensive Annual Financial Reports for each Municipality in order to estimate revenue distributions to Municipal Districts.

Estimated revenue distribution is based on all revenues currently collected by Municipalities and less revenues that would be utilized by the Metro City for the provision of general services. Revenues to be distributed to Municipal Districts include:

- Property tax
- Sales tax as necessary for the provision of municipal services, the provision of general district services until provided by the Metro City, and required to satisfy outstanding obligations

- Utility gross receipts tax
- Charges for service for municipal district services
- Investment income

In total, the Metro City is estimated to distribute revenues of up to $526 million to Municipal Districts for the provision of services and to satisfy outstanding obligations in 2023.

Municipal District Expenditures

Municipal Districts will continue to provide municipal services such as parks and recreation, fire protection (for Municipal Districts operating a fire department), trash removal, maintenance of facilities related to municipal district services, and general administration. Municipal Districts may also continue to provide a general district services until such service is provided by the Metro City within the Municipal District.

Expenditures reflect the newly-limited authority of Municipal Districts and are estimated at up to $360 million in 2023. As outstanding obligations are retired, expenditures for Municipal Districts are projected to decrease. Additionally, expenditures related to general administration will decrease as such services are provided by the Metro City.

Better Together used 2016 and 2017 Comprehensive Annual Financial Reports for each Municipality in order to estimate revenue expenditures of Municipal Districts. Expenditures of Municipal Districts include expenditures related to:

- General Government
- Municipal Fire Departments
- Public Works & Capital Outlay pertaining to municipal services
- Parks and Recreation
- Debt Service Obligations
- Non-Department (primarily trash and refuse, and other services not provided by the Metro City)

The combined total of all municipal district expenditures is estimated at up to $360 million beginning in 2023.

MUNICIPALITY	Total Distribution to Municipal District	Total Municipal District Expenditures	Net Revenue Over (Under) Expenditures	
Ballwin	$ 12,871,102	$ 9,304,296	$ 3,566,806	
Bel-Nor	$ 574,090	$ 238,117	$ 335,973	
Bel-Ridge	$ 938,945	$ 565,086	$ 373,859	
Bella Villa	$ 171,087	$ 90,169	$ 80,918	
Bellefontaine Neighbors	$ 3,452,880	$ 4,190,939	$ (738,059)	$ (738,059)
Bellerive	$ 93,659	$ 113,372	$ (19,713)	$ (19,713)
Berkeley	$ 7,478,592	$ 6,466,624	$ 1,011,968	
Beverly Hills	$ 282,202	$ 437,493	$ (155,291)	$ (155,291)
Black Jack	$ 1,641,176	$ 962,405	$ 678,771	
Breckenridge Hills	$ 516,484	$ 461,778	$ 54,706	
Brentwood	$ 27,330,877	$ 14,257,752	$ 13,073,125	
Bridgeton	$ 10,902,025	$ 11,152,803	$ (250,778)	$ (250,778)
Calverton Park	$ 266,625	$ 280,360	$ (13,735)	$ (13,735)
Champ	$ 48,852	$ 13,350	$ 35,502	
Charlack	$ 369,915	$ 324,247	$ 45,668	
Chesterfield	$ 26,917,611	$ 15,780,921	$ 11,136,690	
Clarkson Valley	$ 297,175	$ 361,826	$ (64,651)	$ (64,651)
Clayton	$ 27,561,922	$ 18,034,853	$ 9,527,069	
Cool Valley	$ 1,047,727	$ 184,889	$ 862,838	
Country Club Hills	$ 481,701	$ 385,994	$ 95,707	
Country Life Acres	$ 46,835	$ 52,159	$ (5,324)	$ (5,324)
Crestwood	$ 11,221,945	$ 5,665,882	$ 5,556,063	
Creve Coeur	$ 9,436,220	$ 4,401,952	$ 5,034,268	
Crystal Lake Park	$ 206,238	$ 90,864	$ 115,374	
Dellwood	$ 1,259,510	$ 1,064,755	$ 194,755	
Des Peres	$ 14,201,438	$ 11,431,400	$ 2,770,038	
Edmundson	$ 1,624,824	$ 536,821	$ 1,088,003	
Ellisville	$ 6,963,381	$ 7,060,978	$ (97,597)	$ (97,597)
Eureka	$ 6,261,517	$ 5,161,540	$ 1,099,977	
Fenton	$ 10,701,924	$ 4,524,400	$ 6,177,524	
Ferguson	$ 10,358,958	$ 9,274,042	$ 1,084,916	
Flordell Hills	$ 225,377	$ 175,711	$ 49,666	
Florissant	$ 19,584,145	$ 13,916,936	$ 5,667,209	
Frontenac	$ 5,336,767	$ 5,463,249	$ (126,482)	$ (126,482)
Glen Echo Park	$ 9,928	$ 24,211	$ (14,283)	$ (14,283)
Glendale	$ 3,074,650	$ 2,473,852	$ 600,798	
Grantwood Village	$ 224,809	$ 70,024	$ 154,785	
Green Park	$ 1,274,670	$ 618,389	$ 656,281	
Greendale	$ 208,095	$ 176,822	$ 31,273	
Hanley Hills	$ 318,946	$ 247,280	$ 71,666	
Hazelwood	$ 21,922,140	$ 20,948,216	$ 973,924	
Hillsdale	$ 255,620	$ 260,760	$ (5,140)	$ (5,140)
Huntleigh	$ 107,218	$ 17,489	$ 89,729	
Jennings	$ 7,011,098	$ 4,448,600	$ 2,562,498	
Kinloch	$ 383,550	$ -	$ 383,550	
Kirkwood	$ 19,288,644	$ 18,065,031	$ 1,223,613	
Ladue	$ 10,850,007	$ 6,774,971	$ 4,075,036	
Lakeshire	$ 306,816	$ 177,839	$ 128,977	
Manchester	$ 14,977,939	$ 13,706,056	$ 1,271,883	
Maplewood	$ 11,049,893	$ 12,411,217	$ (1,361,324)	$ (1,361,324)
Marlborough	$ 432,139	$ 116,159	$ 315,980	
Maryland Heights	$ 33,306,066	$ 14,031,275	$ 19,274,791	
Moline Acres	$ 1,261,092	$ 1,510,283	$ (249,191)	$ (249,191)
Normandy	$ 1,766,255	$ 1,189,776	$ 576,479	
Northwoods	$ 1,706,817	$ 1,496,865	$ 209,952	
Norwood Court	$ 91,744	$ 50,263	$ 41,481	
Oakland	$ 217,020	$ 151,311	$ 65,709	
Olivette	$ 9,535,416	$ 11,148,319	$ (1,612,903)	$ (1,612,903)
Overland	$ 4,110,666	$ 2,640,801	$ 1,469,865	
Pacific	$ 2,645,394	$ 1,472,973	$ 1,172,421	
Pagedale	$ 1,144,169	$ 708,829	$ 435,340	
Pasadena Hills	$ 597,087	$ 306,240	$ 290,847	
Pasadena Park	$ 110,945	$ 64,257	$ 46,688	
Pine Lawn	$ 436,056	$ 676,684	$ (240,628)	$ (240,628)
Richmond Heights	$ 15,483,370	$ 17,432,470	$ (1,949,100)	$ (1,949,100)
Riverview	$ 370,183	$ 260,244	$ 109,939	
Rock Hill	$ 6,034,984	$ 4,358,940	$ 1,676,044	
Saint Ann	$ 8,917,567	$ 5,339,293	$ 3,578,274	
Saint John	$ 2,727,312	$ 2,462,693	$ 264,619	
Shrewsbury	$ 7,382,862	$ 6,092,245	$ 1,290,617	
Sunset Hills	$ 6,678,526	$ 4,115,160	$ 2,563,366	
Sycamore Hills	$ 52,797	$ 31,952	$ 20,845	
Town and Country	$ 7,195,149	$ 7,448,242	$ (253,093)	$ (253,093)
Twin Oaks	$ 592,624	$ 843,008	$ (250,384)	$ (250,384)
University City	$ 18,446,639	$ 18,655,864	$ (209,225)	$ (20,922)
Uplands Park	$ 49,843	$ 85,425	$ (35,582)	$ (35,582)
Valley Park	$ 4,353,034	$ 5,983,933	$ (1,630,899)	$ (1,630,899)
Velda City	$ 571,643	$ 353,800	$ 217,843	
Velda Village Hills	$ 239,437	$ 212,088	$ 27,349	
Vinita Park	$ 3,021,017	$ 720,355	$ 2,300,662	
Warson Woods	$ 1,017,434	$ 805,790	$ 211,644	
Webster Groves	$ 13,925,684	$ 11,930,383	$ 1,995,301	
Wellston	$ 417,722	$ 433,253	$ (15,531)	$ (15,531)
Westwood	$ -	$ -	$ -	
Wilbur Park	$ 48,409	$ 28,172	$ 20,237	
Wildwood	$ 6,519,741	$ 2,745,138	$ 3,774,603	
Winchester	$ 311,076	$ 327,971	$ (16,895)	$ (16,895)
Woodson Terrace	$ 2,095,025	$ 1,543,826	$ 551,199	
Total	$ 525,750,693	$ 360,623,000	$ 165,127,693	$ (9,127,505)
			Total Net Revenue Over Expenditures for All Municipal Districts	Combined Net Revenue (Under) Expenditures for 23 Municipal Districts

* There is an estimated $50 million in TIF revenue reflected in Municipality data that could be eligible for distribution by the Metro City to Municipal Districts, resulting in a projected total of $526 million in distributions in 2023. Due to TIF revenue, some Municipal Districts shown as making expenditures in excess of revenues, may nonetheless be receiving net positive revenues.

* * For the 23 municipal districts that incur Net Revenue (Under) Expenditures, the Metro City would distribute revenues generated within the boundaries of that municipal district from any source (including Sales Tax) as necessary to fund the provision of municipal services.

Municipality	Property Tax [1]	Sales Tax Distribution to Municipal Districts	Utility Gross Receipts	Charges for Service	Investment Income	Other	Total Distribution to Municipal Districts
Ballwin	$0	$4,372,489	$3,499,324	$3,364,837	$130,266	$1,504,186	$ 12,871,102
Bel-Nor	$90,532	$218,905	$161,670	$23,317	$504	$79,162	$ 574,090
Bel-Ridge	$108,733	$728,955	$77,633	$325	$397	$22,902	$ 938,945
Bella Villa	$0	$49,092	$48,380	$0	$2,174	$71,441	$ 171,087
Bellefontaine Neighbors	$1,122,736	$731,432	$1,312,950	$156,864	$12,382	$116,516	$ 3,452,880
Bellerive	$31,551	$35,360	$11,018	$15,131	$570	$29	$ 93,659
Berkeley	$2,950,376	$1,730,361	$2,542,785	$29,233	$26,054	$199,783	$ 7,478,592
Beverly Hills	$14,223	$41,222	$99,939	$101,114	$402	$25,302	$ 282,202
Black Jack	$372,877	$466,331	$366,755	$108,688	$4,291	$322,234	$ 1,641,176
Breckenridge Hills	$62,188	$127,586	$241,070	$22,302	$241	$63,097	$ 516,484
Brentwood	$6,435,903	$17,580,690	$1,747,625	$1,287,082	$29,064	$250,513	$ 27,330,877
Bridgeton	$791,073	$4,928,591	$2,898,960	$1,904,032	$13,735	$365,634	$ 10,902,025
Calverton Park	$50,355	$86,092	$99,364	$9,203	$1,178	$20,433	$ 266,625
Champ	$0	$0	$48,833	$0	$19	$0	$ 48,852
Charlack	$34,436	$90,471	$225,803	$4,520	$37	$14,648	$ 369,915
Chesterfield	$0	$17,121,856	$6,858,165	$2,304,720	$147,385	$485,485	$ 26,917,611
Clarkson Valley	$161,673	$0	$128,141	$0	$5,143	$2,218	$ 297,175
Clayton	$10,111,998	$3,299,481	$5,301,493	$4,166,480	$283,949	$4,398,521	$ 27,561,922
Cool Valley	$36,858	$61,000	$180,419	$0	$1,115	$768,335	$ 1,047,727
Country Club Hills	$125,297	$214,716	$135,422	$0	$0	$6,266	$ 481,701
Country Life Acres	$2,341	$0	$2,007	$42,270	$127	$90	$ 46,835
Crestwood	$2,364,824	$2,567,224	$1,450,011	$718,531	$55,016	$4,066,339	$ 11,221,945
Creve Coeur	$624,786	$2,622,503	$5,630,712	$93,113	$165,081	$300,025	$ 9,436,220
Crystal Lake Park	$137,905	$31,241	$36,206	$0	$823	$63	$ 206,238
Dellwood	$27,201	$552,436	$489,291	$114,296	$1,142	$75,144	$ 1,259,510
Des Peres	$0	$9,452,590	$1,119,378	$3,231,215	$75,123	$323,132	$ 14,201,438
Edmundson	$162,871	$1,124,180	$112,762	$0	$44,670	$180,341	$ 1,624,824
Ellisville	$427,224	$4,161,906	$1,903,601	$363,509	$86,156	$20,985	$ 6,963,381
Eureka	$936,645	$3,764,185	$1,194,933	$10,753	$86,839	$268,162	$ 6,261,517
Fenton	$0	$7,347,139	$1,428,682	$1,718,206	$111,843	$96,054	$ 10,701,924
Ferguson	$2,691,881	$4,199,714	$2,732,867	$705,905	$6,962	$21,629	$ 10,358,958
Flordell Hills	$89,884	$55,965	$37,505	$95	$0	$41,928	$ 225,377
Florissant	$0	$9,976,743	$6,628,809	$1,637,479	$103,741	$1,237,373	$ 19,584,145
Frontenac	$1,373,263	$2,719,644	$508,658	$550,343	$39,049	$145,810	$ 5,336,767
Glen Echo Park	$8,332	$0	$1,596	$0	$0	$0	$ 9,928
Glendale	$740,190	$1,094,508	$910,247	$0	17,496	$312,209	$ 3,074,650
Grantwood Village	$67,718	$0	$15,839	$0	$559	$140,693	$ 224,809
Green Park	$0	$561,363	$522,214	$109,207	$18,720	$63,166	$ 1,274,670
Greendale	$32,747	$42,760	$61,882	$57,680	$2,134	$10,892	$ 208,095
Hanley Hills	$92,849	$137,070	$59,012	$14,425	$500	$15,090	$ 318,946
Hazelwood	$8,883,951	$6,915,409	$3,066,977	$1,184,633	$49,272	$1,821,898	$ 21,922,140
Hillsdale	$92,163	$0	$46,455	$94,381	$1	$22,620	$ 255,620
Huntleigh	$99,254	$0	$7,875	$0	$89	$0	$ 107,218
Jennings	$838,110	$3,148,155	$1,696,983	$963,213	$28,247	$336,390	$ 7,011,098
Kinloch	$13,152	$25,195	$52,452	$41,591	$0	$251,160	$ 383,550
Kirkwood	$5,192,866	$5,094,400	$4,975,448	$2,934,253	$82,685	$1,008,992	$ 19,288,644
Ladue	$5,219,476	$1,984,186	$2,602,945	$473,877	$200,325	$369,198	$ 10,850,007
Lakeshire	$55,628	$95,212	$111,722	$0	$673	$43,581	$ 306,816
Manchester	$1,297,758	$10,204,061	$1,675,930	$449,655	$103,104	$1,247,431	$ 14,977,939
Maplewood	$3,400,477	$5,500,557	$1,885,093	$39,802	$13,719	$210,245	$ 11,049,893
Marlborough	$283,807	$81,665	$57,145	$0	$9,522	$0	$ 432,139
Maryland Heights	$0	$12,139,990	$6,053,189	$2,770,622	$11,792,448	$549,817	$ 33,306,066
Moline Acres	$237,666	$453,477	$197,477	$0	$355,007	$17,465	$ 1,261,092
Normandy	$116,153	$223,059	$717,206	$704,369	$520	$4,948	$ 1,766,255
Northwoods	$485,028	$499,134	$635,955	$0	$396	$86,304	$ 1,706,817
Norwood Court	$11,741	$62,566	$11,724	$0	$1,938	$3,775	$ 91,744
Oakland	$63,836	$136,732	$0	$0	$29	$16,423	$ 217,020
Olivette	$4,094,350	$1,363,521	$1,987,451	$560,938	$47,210	$1,481,946	$ 9,535,416
Overland	$175,645	$1,057,171	$2,456,013	$213,994	$4,717	$203,126	$ 4,110,666
Pacific	$623,717	$570,709	$1,289,196	$128,877	$5,431	$27,464	$ 2,645,394
Pagedale	$209,347	$329,066	$426,592	$144,505	$5,285	$29,374	$ 1,144,169
Pasadena Hills	$186,066	$190,643	$97,001	$0	$640	$122,737	$ 597,087
Pasadena Park	$15,285	$30,820	$11,288	$51,266	$2,286	$0	$ 110,945
Pine Lawn	$61,535	$0	$296,414	$7,356	$0	$70,751	$ 436,056
Richmond Heights	$3,503,158	$7,608,206	$1,670,376	$2,167,337	$75,687	$458,606	$ 15,483,370
Riverview	$49,498	$189,892	$42,281	$27,460	$384	$60,668	$ 370,183
Rock Hill	$1,762,344	$3,330,848	$810,965	$5,529	$8,337	$116,961	$ 6,034,984
Saint Ann	$914,453	$4,116,443	$1,494,734	$2,231,566	$358	$160,013	$ 8,917,567
Saint John	$793,364	$1,207,131	$63,939	$98,750	$0	$564,128	$ 2,727,312
Shrewsbury	$1,163,131	$2,954,244	$996,575	$914,446	$24,462	$1,330,004	$ 7,382,862
Sunset Hills	$273,951	$2,505,989	$1,798,277	$787,554	$1,631	$1,311,124	$ 6,678,526
Sycamore Hills	$38,497	$0	$14,176	$0	$124	$0	$ 52,797
Town and Country	$0	$3,776,568	$2,483,458	$384,413	$142,493	$408,217	$ 7,195,149
Twin Oaks	$25,993	$534,769	$8,343	$14,515	$7,652	$1,352	$ 592,624
University City	$5,005,997	$4,735,393	$6,117,081	$2,388,930	$20,516	$178,722	$ 18,446,639
Uplands Park	$10,367	$30,331	$2,815	$0	$397	$5,933	$ 49,843
Valley Park	$1,489,313	$1,927,100	$738,015	$41,497	$10,997	$146,112	$ 4,353,034
Velda City	$140,917	$98,651	$87,237	$127,014	$0	$117,824	$ 571,643
Velda Village Hills	$24,939	$70,701	$56,583	$766	$170	$86,278	$ 239,437
Vinita Park	$212,803	$262,304	$415,857	$1,850,945	$1,850	$277,258	$ 3,021,017
Warson Woods	$236,588	$344,242	$387,931	$0	$485	$48,188	$ 1,017,434
Webster Groves	$4,791,353	$2,739,492	$3,471,752	$2,386,886	$96,028	$440,173	$ 13,925,684
Wellston	$89,348	$2,622	$308,116	$2,755	$157	$14,724	$ 417,722
Westwood	$0	$0	$0	$0	$0	$0	$ -
Wilbur Park	$0	$31,699	$3,075	$0	$13,635	$0	$ 48,409
Wildwood	$205,908	$2,484,201	$3,188,758	$351,102	$234,817	$54,955	$ 6,519,741
Winchester	$44,767	$104,259	$148,902	$1,320	$5,546	$6,282	$ 311,076
Woodson Terrace	$236,088	$1,052,833	$369,313	$32,919	$6,606	$397,266	$ 2,095,025
Total	**$84,951,258**	**$192,509,447**	**$105,869,051**	**$47,443,911**	**$14,830,763**	**$30,146,263**	**$ 475,750,693**

Municipality	General Government	Fire	Municipal District Public Works & Capital Outlay	Parks & Rec	Debt Service	Non-Departmental	Total Municipal District Expenditures [2]
Ballwin	$2,781,680	$0	$0	$4,237,231	$2,285,385	$0	$9,304,296
Bel-Nor	$138,645	$0	$0	N/A	$99,472	$0	$238,117
Bel-Ridge	$501,224	$0	$0	$58,106	$5,756	$0	$565,086
Bella Villa	$82,774	$0	$0	$6,315	N/A	$1,080	$90,169
Bellefontaine Neighbors	$1,264,224	$0	$1,580,210	$648,959	$697,546	$0	$4,190,939
Bellerive	$111,935		$0			$1,437	$113,372
Berkeley	$1,976,000	$1,838,811	$1,206,189	$340,869	$1,104,755	$0	$6,466,624
Beverly Hills	$430,195	$0	$0		$1,956	$5,342	$437,493
Black Jack	$633,535	$0	$0		$327,483	$1,387	$962,405
Breckenridge Hills	$415,528	$0	$0	$9,853	$35,467	$930	$461,778
Brentwood	$3,517,871	$2,555,960	$1,597,776	$511,042	$5,564,061	$511,042	$14,257,752
Bridgeton	$4,160,897	$0	$14,422	$4,037,155	$2,940,329	$0	$11,152,803
Calverton Park	$280,360	$0	$0	$0	$0	$0	$280,360
Champ	$13,350	$0	$0	$0	$0	$0	$13,350
Charlack	$324,247	$0	$0	$0	$0	$0	$324,247
Chesterfield	$3,366,866	$0	$409,880	$5,577,553	$6,426,622	$0	$15,780,921
Clarkson Valley	$237,567	$0	$0	$0	$0	$124,259	$361,826
Clayton	$3,374,336	$5,702,063	$0	$2,257,630	$5,108,596	$1,592,228	$18,034,853
Cool Valley	$168,951	$0	$0	$0	$15,938	$0	$184,889
Country Club Hills	$227,019	$0	$0	$16,336	$0	$142,639	$385,994
Country Life Acres	$500	$41,931	$0	$0	$0	$9,728	$52,159
Crestwood	$1,393,067	$2,828,429	$321,788	$1,122,598	$0	$0	$5,665,882
Creve Coeur	$2,851,270	$0	$0	$0	$151,631	$1,399,051	$4,401,952
Crystal Lake Park	$82,040	$0	$0	$5,679	$0	$3,145	$90,864
Dellwood	$455,180	$0	$0	$321,249	$243,736	$44,590	$1,064,755
Des Peres	$1,544,833	$3,114,847	$0	$4,683,695	$1,335,543	$752,482	$11,431,400
Edmundson	$192,753	$0	$182,876	$149,475	$0	$11,717	$536,821
Ellisville	$1,845,738	$0	$1,785,192	$796,468	$2,633,580	$0	$7,060,978
Eureka	$1,058,937	$0	$438,880	$1,620,732	$1,904,969	$138,023	$5,161,540
Fenton	$1,375,069	$0	$433,581	$2,498,013	$0	$217,737	$4,524,400
Ferguson	$2,357,530	$2,423,632	$498,537	$1,329,732	$2,103,812	$560,799	$9,274,042
Flordell Hills	$118,174	$17,000	$0	$40,537	$0	$0	$175,711
Florissant	$5,499,329	$0	$627,683	$5,983,400	$1,806,524	$0	$13,916,936
Frontenac	$661,908	$2,398,512	$1,941,923	$0	$381,831	$79,075	$5,463,249
Glen Echo Park	$10,974	$0	$0	$0	$0	$13,237	$24,211
Glendale	$633,679	$1,346,448	$28,893	$0	$464,832	$0	$2,473,852
Grantwood Village	$70,024	$0	$0	$0	$0	$0	$70,024
Green Park	$363,109	$0	$0	$0	$79,196	$176,084	$618,389
Greendale	$147,294	$0	$0	$0	$29,528	$0	$176,822
Hanley Hills	$197,423	$0	$0	$43,204	$0	$6,653	$247,280
Hazelwood	$1,796,907	$9,425,751	$2,682,113	$2,682,113	$3,086,894	$1,274,438	$20,948,216
Hillsdale	$254,754	$0	$0	$0	$0	$6,006	$260,760
Huntleigh	$17,088	$0	$0	$0	$0	$401	$17,489
Jennings	$955,491	$0	$0	$301,500	$1,565,281	$1,626,328	$4,448,600
Kinloch	$0	$0	$0	$0	$0	$0	$0
Kirkwood	$4,359,967	$6,464,492	$1,192,155	$3,525,965	$1,865,828	$656,624	$18,065,031
Ladue	$961,272	$5,124,680	$215,862	Breakdown not provided	$473,157	$0	$6,774,971
Lakeshire	$169,863	$0	$0	$7,976	$0	$0	$177,839
Manchester	$1,636,239	$0	$3,816,639	$1,134,288	$6,854,981	$263,909	$13,706,056
Maplewood	$1,916,001	$2,667,225	$4,141,054	$574,095	$3,112,842	$0	$12,411,217
Marlborough	$115,839	$0	$0	$320	$0	$0	$116,159
Maryland Heights	$3,528,159	$0	$335,787	$4,510,614	$5,446,158	$210,557	$14,031,275
Moline Acres	$396,618	$0	$676,939		$436,726	$0	$1,510,283
Normandy	$1,003,411	$0	$578	$31,123	$35,955	$118,709	$1,189,776
Northwoods	$962,010	$0	$8,827	$112,672	$412,660	$696	$1,496,865
Norwood Court	$50,263	$0	$0	$0	$0	$0	$50,263
Oakland	$151,311	$0	$0	$0	$0	$0	$151,311
Olivette	$1,550,318	$181,607	$7,467,140	$876,998	$1,016,352	$55,904	$11,148,319
Overland	$1,477,073	$0	$299,314	$794,747	$0	$69,667	$2,640,801
Pacific	$710,835	$0	$29,319	$183,338	$482,019	$67,462	$1,472,973
Pagedale	$291,475	$0	$155,473	$2,741	$158,202	$100,938	$708,829
Pasadena Hills	$184,290	$0	$0	$0	$121,950	$0	$306,240
Pasadena Park	$50,135	$0	$0	$0	$0	$14,122	$64,257
Pine Lawn	$669,274	$0	$3,021	$4,389	$0	$0	$676,684
Richmond Heights	$4,531,200	$2,893,494	$421,396	$3,664,472	$5,921,908	$0	$17,432,470
Riverview	$260,244	$0	$0	$0	$0	$0	$260,244
Rock Hill	$867,205	$972,092	$0	$210,662	$2,288,559	$20,422	$4,358,940
Saint Ann	$1,875,958	$0	$890,128	$1,520,475	$160,146	$892,586	$5,339,293
Saint John	$1,552,165	$0	$31		$910,497	$0	$2,462,693
Shrewsbury	$945,903	$1,937,347	$0	$881,505	$2,327,490	0	$6,092,245
Sunset Hills	$600,838	$0	$340,944	$1,844,067	$253,121	$1,076,190	$4,115,160
Sycamore Hills	$30,954	$0	$0	$0	$0	$998	$31,952
Town and Country	$1,682,643	$3,817,874	$1,328,742	$618,983	$0	$0	$7,448,242
Twin Oaks	$426,145	$0	$143,716	$155,694	$71,393	$46,060	$843,008
University City	$7,868,747	$3,884,123	$880,807	$3,403,572	$943,849	$1,674,766	$18,655,864
Uplands Park	$82,153	$0	$0	$775	$0	$2,498	$85,425
Valley Park	$924,436	$0	$0	$312,630	$1,646,621	$3,100,246	$5,983,933
Velda City	$336,643	$0	$0	$6,511	$0	$10,646	$353,800
Velda Village Hills	$212,088	$0	$0	N/A	N/A	$0	$212,088
Vinita Park	$500,887	$0	$0	$57,050	$162,418	$0	$720,355
Warson Woods	$236,144	$236,930	$127,933	$87,673	$117,110	$0	$805,790
Webster Groves	$2,748,387	$4,313,246	$0	$3,038,926	$1,829,824	$0	$11,930,383
Wellston	$433,253	$0	$0	$0	$0	$0	$433,253
Westwood	Breakdown not provided.	$0	$0	Breakdown not provided.	Breakdown not provided.	$0	$0
Wilbur Park	$28,172	$0	$0	$0	$0	$0	$28,172
Wildwood	$1,851,249	$0	$0	$879,282	$14,607	$0	$2,745,138
Winchester	$327,971	$0	$0	$0	$0	$0	$327,971
Woodson Terrace	$1,030,892	$0	$0	$283,303	$229,631	$0	$1,543,826
	$97,428,904	**$64,186,494**	**$36,225,748**	**$68,004,290**	**$77,694,725**	**$17,082,837**	**$360,622,999**

[1] Reflects 2% annual growth since 2018

[2] First-Year Post-Reorganization

BLITZ
BARDGETT & DEUTSCH, LC
Attorneys & Counselors at Law

Christopher R. Pieper
120 South Central Avenue, Suite 1500
St. Louis, MO 63105
www.bbdlc.com

E-mail: cpieper@bbdlc.com
Telephone: (573) 355-5045
Facsimile: (314) 863-1877

April 5, 2019

Via Email: FiscalNote@auditor.mo.gov

Auditor Nicole Galloway
Missouri State Auditor
State Capitol, Rm. 121
Jefferson City, MO 65101

RE: IP 2020-054: Proponent's Supplemental Proposed Statement of Fiscal Impact

Dear Auditor Galloway:

Please accept Proponent's Supplemental Proposed Statement of Fiscal Impact for Initiative Petition 2020-054 (hereinafter "the measure") on behalf of proponent Unite STL pursuant to Section 116.175.1, RSMo. This submission supplements Proponent's Proposed Statement of Fiscal Impact submitted on April 3, 2019 and is in response to the April 1, 2019 submission by the Municipal League of Metro STL (hereinafter the "Municipal League").

The Municipal League's submission for the measure restates fiscal impact information previously submitted in connection with Initiative Petition 2020-042 (hereinafter "IP 2020-042")—a substantially similar and fiscally-identical measure also submitted by Unite STL.

The fiscal summary for IP 2020-042 fairly and sufficiently summarized savings to the Metro City estimated at $1 billion annually by 2032. This savings to the Metro City also reflects the measure's impact on the City and County, since the measure combines the existing County and City into the Metro City, and the Metro City is a continuation of the corporate existence of the County. *See* IP 2020-054, Art. VI, Section 30.2.

The Municipal League takes issue with the fiscal summary providing a range of estimated savings from unknown to $1 billion annually by 2032. As detailed in Proponent's Proposed Statement of Fiscal Impact, the City and County region currently spends between $750 million

and $1 billion annually more to provide the same services as consolidated governments elsewhere.[1] Proponent's Proposed Statement of Fiscal Impact demonstrates how the structure adopted through the measure can capture those savings over time. The submission is reasonable; it addressed and did not diverge from the particular issue—the fiscal impact on local governments from the measure. Evaluations of city-county consolidations involving just two governments—as compared to the 90 involved with this measure—or in regions without the level of fragmentation found in the City and County through Better Together's research are inapposite.

The revenue and expenditure assumptions included in Proponent's Proposed Statement of Fiscal Impact are reasonable and are based on the research, analysis and data submitted therewith compiled by Better Together over the past five years. Additional sources demonstrating the reasonableness of revenue and expenditure assumptions are referenced herein, including the City of St. Louis, Office of the Comptroller's Long-Range Financial Plan Update, released March 15, 2019, reflecting base revenue growth assumptions consistent with the assumptions included in Proponent's Proposed Statement of Fiscal Impact.[2]

Finally, contrary to the Municipal League's contention, achieving the estimated $1 billion in savings depicted in Proponent's Proposed Statement of Fiscal Impact does not rely on accelerated debt repayment. Instead, accelerated debt repayment is depicted to show how the estimated savings could be achieved more rapidly.[3]

Thank you for your attention to this matter. Please do not hesitate to contact me if you have any questions or if there is any additional information I can provide.

Very truly yours,

Christopher R. Pieper

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[1] *See Better Together: Report and Recommendations of City-County Governance Task Force*, available at https://static1.squarespace.com/static/59790f03a5790abd8c698c9c/t/5c68551e4785d32318b184c5/1550341501871/Task+Force+Report+Final.pdf.

[2] *See City of St. Louis: Long Range Financial Plan Update (Appendix A, p.39), available at* https://www.stlouis-mo.gov/government/departments/comptroller/documents/upload/St-Louis-Long-Range-Financial-Plan-2019.pdf; *see also St. Louis County 2019 Adopted Budget*, available at: https://www.stlouisco.com/Portals/8/docs/document%20library/budget/2019/Adopted%20Budget/2019_Adopted_Budget_Book.pdf.

[3] *See Metro City Pro Forma Budget, Solvency: Revenue/Expenditures (p. 2), available at* https://static1.squarespace.com/static/59790f03a5790abd8c698c9c/t/5c6d5041eb393157f0303840/1550667841801/STL+Metro+City+-+Pro+Forma+Budget.pdf.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Metropolitan Community College, University of Missouri, St. Louis Community College, The Metropolitan Police Department - City of St. Louis, Board of Election Commissioners City of St. Louis, Missouri Municipal League,** the **City of Affton,** the **City of Berkeley,** the **City of Brentwood,** the **City of Bridgeton,** the **City of Clayton,** the **City of Creve Coeur,** the **City of Ferguson,** the **City of Jennings,** the **City of Maryland Heights,** the **City of St. Ann,** the **City of Town and Country,** the **City of Webster Groves,** and the **City of Wildwood.**

Fiscal Note Summary

Individual St. Louis County municipalities expect decreased revenues to exceed savings with a total unknown impact. The overall annual local fiscal impact is unknown but estimated to be between a cost of $80 million to a savings of $1 billion by 2032. State revenue could increase up to $7 million annually by 2032.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 22, 2019

RECEIVED
MAR 22 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Heidi Miller regarding a proposed statutory amendment to Chapter 208 (2020-053)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Heidi Miller on March 22, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

RECEIVED
2019 MAR 22 AM 11:41

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
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8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____.

_____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Chapter 208, RSMo, is amended by adding thereto one new section, to be known as section 208.207, to read as follows:

208.207. 1. Notwithstanding any provision of law to the contrary, beginning July 1, 2021, individuals nineteen years of age or older and under sixty-five years of age who qualify for MO HealthNet services under 42 U.S.C. Section 1396a(a)(10)(A)(i)(VIII) and as set forth in 42 C.F.R. 435.119, and who have income at or below one hundred thirty-three percent of the federal poverty level plus five percent of the applicable family size as determined under 42 U.S.C. Section 1396a(e)(14) and as set forth in 42 C.F.R. 435.603, shall be eligible for medical assistance under MO HealthNet and shall receive coverage for the health benefits service package.

2. For purposes of this section, "health benefits service package" shall mean benefits covered by the MO HealthNet program as determined by the department of social services to meet the benchmark or benchmark-equivalent coverage requirement under 42 U.S.C. Section 1396a(k)(1) and any implementing regulations.

3. No later than March 1, 2021, the Department of Social Services and the MO HealthNet Division shall submit all state plan amendments necessary to implement this section to the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services.

4. The Department of Social Services and the MO HealthNet Division shall take all actions necessary to maximize federal financial participation in funding medical assistance pursuant to this section.

5. No greater or additional burdens or restrictions on eligibility or enrollment standards, methodologies, or practices shall be imposed on persons eligible for MO HealthNet services pursuant to this section than on any other population eligible for medical assistance.

6. All references to federal or state statutes, regulations or rules in this section shall be to the version of those statutes, regulations or rules that existed on January 1, 2019.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-053)

Subject

Initiative petition from Heidi Miller regarding a proposed amendment to Chapter 208 of the Revised Statutes of Missouri. (Received March 22, 2019)

Date

April 11, 2019

Description

This proposal would amend Chapter 208 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Heidi Miller, MD, **Timothy McBride, PHD**, and **Abigail Barker, PHD** provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact as a result of the proposed petition.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated they report no fiscal impact for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated they defer to the Department of Social Services to calculate the fiscal impact of the proposed legislation.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated they defer to the Department of Social Services for an estimate of fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Department of Social Services.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated there is no impact to their department in regards to this initiative petition.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated this initiative petition will impact the budgets of the Department of Social Services, Department of Mental Health, the Department of Corrections, and the Department of Health & Senior Services by proposing the expansion of Medicaid eligibility.

Section 208.207.1 – 208.207.2

- Today, Missouri covers custodial parents below 19% of the federal poverty level (FPL), which for a family of four is currently $4,769 per year. In addition, non-custodial adults and childless adults without other qualifying criteria are not currently eligible for Medicaid in Missouri regardless of income.

- The Affordable Care Act allows states to expand health care coverage under the Medicaid program to non-elderly, non-Medicare, low-income adults up to 133% of the FPL. The same law includes a 5% disregard of income when determining eligibility for health care benefits; thus, adults with incomes up to 138% FPL will qualify. For a family of four in Missouri, this is currently income up to $34,638 per year.

- The Family Support Division estimates a need of an additional 56 Eligibility Specialists, 6 Eligibility Supervisors, and 1 Social Services Manager to assist in enrolling new participates. The estimated cost for the new full time employees (FTEs) is $4.6 million.

- The Family Support Division estimates increased costs for the call center for eligibility questions is $9.1 million.

- MO HealthNet would need to contract with an actuary to provide actuarially sound managed care rates. MO HealthNet estimates this cost to be approximately $500,000 based on the previous scope for expansion.

- MO HealthNet estimates a need of an additional 15 Correspondence and Info Specialists, 18 Medicaid Specialists, 15 MASII, and 2 Social Services Managers to provide call center and customer service support, tracking, and reporting claims data. The estimated cost for the new FTEs is $4.1 million.

- MO HealthNet estimates changes to the Medicaid Management Information System (MMIS) would be in excess of $5 million.

- OA-ITSD estimates costs for system changes related to Medicaid Expansion to be approximately $657,000 for the first year and $289,000 for the second year.

- The expansion of eligibility for Medicaid benefits under the proposed federal program could potentially include coverage for an estimated 250,000 additional Missourians.

The costs for this expansion would be in excess of $2 billion per year. The expansion population state match would be at least 10%; however, that match is subject to change as federal law is amended. Depending on implementation requirements from CMS, there could be some costs shifted from state funds to federal funds; however, the cost of implementing this proposal will result in a significant cost in state general revenue. The overall estimated general revenue cost for implementation of this proposal is estimated to exceed $200 million.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition would not have a fiscal impact on their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated they are deferring to the Department of Social Services on this initiative petition.

Officials from the **Office of State Courts Administrator** indicated there may be some impact on the courts but there is no way to quantify that currently.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY (fiscal year) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have a positive fiscal impact on their city in an indeterminate amount, because it will increase the benefits people receive thus freeing up their city's health levy dollars for other uses.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **Missouri State University** indicated no fiscal impact for their university.

Heidi Miller, MD, **Timothy McBride, PHD**, and **Abigail Barker, PHD** provided the following information.

March 15, 2019

Nicole Galloway, CPA
Missouri State Auditor
301 West High Street, Rm 880
Jefferson City, Missouri 65102
Sent to *moaudit@auditor.mo.gov*

Ms. Galloway,

Today I submitted two initiative petitions to expand access to health care for more than 300,000 Missourians. I understand that in the process of certifying these petitions for signature collection, your office will provide a fiscal note and fiscal note summary. To aid in this process, I'd like to share the attached document "Analysis of the Fiscal Impact of Medicaid Expansion in Missouri," which was funded by the Missouri Foundation for Health and produced by the Center for Health Economics and Policy at Washington University in St. Louis.

To complete this analysis, Center researchers conducted reviews of other states' experiences, including reports at the national level by the Urban Institute, Robert Wood Johnson Foundation, the Commonwealth Fund, and the Centers for Medicare and Medicaid Services. They relied upon published Missouri Medicaid enrollment and cost data as well as a prior fiscal analysis of Medicaid expansion conducted by the Department of Social Services, and the Office of Administration in the Governor's Office, in 2014. They also carried out independent analyses of American Community Survey data and Medical Expenditure Panel Survey data.

Drawing upon these data sources and making conservative assumptions at every step, the report concludes that Medicaid expansion in Missouri is cost neutral and could create cost savings. **The best-estimate is that Medicaid expansion in Missouri will reduce the state's 2020 financial obligation by $39 million.**

If you or a member of your staff would like to meet and discuss this analysis further, I am happy to connect you with Timothy McBride PhD and Abigail Barker PhD who authored the report. Thank you for your service to Missourians and the opportunity to share this analysis to inform the fiscal note process.

Sincerely,

Heidi Miller, MD
314-400-8446
millerheidib@gmail.com

Analysis of the Fiscal Impact of Medicaid Expansion in Missouri

Center for Health Economics and Policy
INSTITUTE FOR PUBLIC HEALTH AT WASHINGTON UNIVERSITY

February 2019

To complete this analysis, Center researchers conducted reviews of all existing documentation of other states' experiences, including reports at the national level by the Urban Institute, Robert Wood Johnson Foundation, the Commonwealth Fund, and the Centers for Medicare and Medicaid Services. We relied upon published Missouri Medicaid enrollment and cost data as well as a prior fiscal analysis of Medicaid expansion conducted by the Department of Social Services in 2014. We also carried out independent analyses of American Community Survey data and Medical Expenditure Panel Survey data. Parts of the analysis were informed by a discussion with analysts at The Urban Institute. The key assumptions were vetted by health policy staff at the Missouri Foundation for Health, the Missouri Hospital Association, the Missouri Primary Care Association, and others.

Introduction

Although the Affordable Care Act (ACA) of 2010 directed all states and the District of Columbia to expand their Medicaid programs to cover all adults with incomes up to 138% of the Federal Poverty Level (FPL), a subsequent Supreme Court ruling in 2012 made this expansion optional. Initially, in 2014, 25 states expanded their programs. Subsequently, eight additional states expanded their programs through legislative action, and in 2017-18, four states passed ballot initiatives to expand.[1] Early evidence from multiple states indicates that expansion has a positive impact on state budgets; due to the increased federal match available for expansion populations, some states have even realized net cost savings.

The goal of this analysis is to estimate the impact of an expansion of Medicaid in Missouri (to 138% of the FPL) in 2020 for the first five years of expansion on the state budget. This report outlines the important background, sources of data, methods, and assumptions used to generate these estimates. The "best estimate" of the impact on the state budget is presented, along with some sensitivity analysis to show the impact of crucial assumptions on the estimate. A companion spreadsheet to this report allows the user to vary all assumptions as desired.

Background

In the first three years after the implementation of the ACA (2014-16), expansion states received 100% federal match on spending for newly eligible populations, which ensured that states' budgets would not be negatively impacted due to upfront costs or high pent-up demand. From 2017 to 2020, the federal matching rate is being gradually reduced to 90%. This was expected to have a minimal impact on state budgets, given the likelihood that cost savings would ultimately occur as better access to care would both decrease uncompensated care and

increase prevention and early intervention in the course of disease treatment, resulting in very little net cost to the states.[2] However, for states such as Missouri that did not expand Medicaid during that window, the challenge when considering a later expansion is that the federal match is initially set at 90%, meaning that the state budget must cover 10% of the costs of expansion, and any upfront costs or high pent-up demand are not fully covered.

Furthermore, prior to the ACA, Missouri's eligibility levels for parents were among the lowest in the United States. Although most states, like Missouri, previously offered no coverage to childless adults, this still creates some difficulty in applying other states' outcomes to Missouri, as the newly eligible population would contain a disproportionate share of extremely low-income parents. Conversely, because Missouri did not expand Medicaid in 2014, a large share of otherwise eligible people with slightly higher incomes (100% to 138% FPL) obtained highly subsidized coverage through health insurance marketplaces of the ACA, and these people may now be better managing their health conditions or have less pent-up demand for health care services. These caveats suggest that a range of values be considered as representative of the costs of the expansion population.

Finally, Missouri's reliance on provider taxes and other forms of revenue to finance its Medicaid program is much greater than in other states.[3] Because of the magnitude of the provider tax programs, it is important to consider the role these have played in drawing down federal dollars and how this might change in an environment of Medicaid expansion. Current federal law also specifies cuts to the Disproportionate Share Hospital (DSH) program beginning in 2020, and since Missouri's state share of DSH-eligible expenditures is financed through provider taxes, it is important to consider the potential impact of a cut to the cap on federal matching funds.

Data and Methods

Cost and financial data for this analysis come primarily from aggregation of MO HealthNet Monthly Management Reports for fiscal year 2017, as this was the last full fiscal year of data available at the start of the project.[4] These data have been supplemented by information on the Federal Reimbursement Allowance (FRA) from the Missouri Hospital Association (MHA), which administers that program.[5] Supplemental cost data have also been calculated using the Medical Expenditure Panel Survey (MEPS), 2015-16.

Information on the size and composition of the population that would potentially enroll in a MO HealthNet expansion comes from census data: the 2017 American Community Survey (ACS) has been analyzed for Missouri and checked against administrative (enrollment) counts. In certain cases, we relied on information from a 2014 Missouri Department of Social Services (DSS) analysis of the impact of Medicaid expansion, in particular for estimating proportions of existing Medicaid eligibility groups whose incomes would qualify them for coverage under an expansion.

Methods for processing the ACS data include restricting the sample to individuals in households earning at or below 138% FPL, then combining responses to a series of questions on insured status, removing those with Medicare and Medicaid while sorting others into categories. As detailed in the next section, we separate those with employer coverage, those with other private coverage, and those without insurance, because we assume different take-up rates will apply to these three groups.

Assumptions

There are about 18-20 assumptions made in creating this analysis for 2020, but several of them are quite minor, and most of them have very little impact on the state's overall financial obligation. We highlight and discuss the most influential assumptions below, including ways in which other states' experience may inform that of Missouri, and conclude with a list of other assumptions made.

- **How many adults will enroll?**

  The Kaiser Family Foundation (KFF) estimated for Missouri in 2016 that 199,000 uninsured adults would be eligible for Medicaid under an expansion, which excludes those currently buying Marketplace coverage (about 72,500 with incomes below 138% FPL in 2018[6]) as well as those already eligible but not enrolled.[7] This suggests a total of at least 271,500 adults *eligible*. The Urban Institute estimates a total of 352,000 new enrollees (non-elderly adults and children) in Missouri *will actually enroll* in the event of an expansion.[8]

  Our own analysis of ACS data indicates that roughly 458,000 nonelderly adult citizens of Missouri with incomes below 138% of the FPL are potentially eligible for expansion, including about 190,000 uninsured adults, 72,400 with private coverage from another source, and 195,750 adults with employer-sponsored insurance (ESI) coverage. Looking first at the currently uninsured population, there is some literature available on take-up rates: Urban Institute has found an average 73% take-up across existing expansion states, although they note that actual take-up rates have varied by state due to factors such as executive branch commitment, the role of private organizations, the political climate, etc. **We apply a 73% take-up rate to the ACS-based estimates of about 190,000 uninsured.**

  We assume that a small number of those with ESI may be willing to take up Medicaid and drop their ESI coverage, which is known as "crowd out." According to KFF, studies exploring the potential for Medicaid expansion to crowd out private insurance have found mixed results, with most showing no evidence of crowd out and some showing slight declines in private coverage in expansion states following expansion. **We use a 10% crowd-out rate.**

  As noted, the ACS indicates that about 72,400 adults age 18-64 below 138% of the FPL hold private non-ESI coverage, meaning they likely purchase it directly from an insurance company (potentially subsidized through the Health Insurance Marketplaces). Since all Medicaid coverage has a zero premium, making this the dominant choice for such individuals, **we assume that all (100%) of those with other private coverage would take up Medicaid coverage.**

  Combining these assumptions, we estimate that about 231,000 adults would take up Medicaid in 2020 and be part of the expansion population. (Note that this is equivalent to an average take-up rate of 73% applied to a combined potential adult population of about 315,000.)

- **How many kids will enroll?**

  Our estimate includes the possibility that some children who are currently eligible for Medicaid but are enrolled in private coverage or uninsured may enroll during an expansion, which is reflected in an

increased budget for kids at the standard match. Analysis of the data for children under age 18 and with family income below 138% of the FPL suggests that about 30,000 children are currently uninsured, that roughly 15,000 children have private, non-ESI coverage, and that 77,000 have ESI coverage derived from a parent. That there remain any uninsured children under 138% of the FPL may seem perplexing since all are currently eligible for Medicaid and have been for years. On the other hand, there are several reasons that some parents may have chosen not to sign their eligible children up for Medicaid. These include: stigma, lack of awareness that they are eligible, barriers to obtaining coverage (complexity of the system and many bureaucratic requirements), parents' immigration status, and the possibility that if the children are very healthy the parents may not see the need to obtain coverage.

Experience from ACA implementation has shown that a large number of children have obtained coverage due to ACA coverage expansions even though they were eligible prior to 2014, in what is often characterized as the "woodwork effect." For this and other reasons, we assume that some children will obtain coverage after a Medicaid expansion, but also that there remain some underlying reasons why some children will never be signed up for coverage. **We assume take-up rates of 66%, 9%, and 90% respectively (reducing the adult values of 73%, 10%, and 100% by 10%) for a total of about 40,000 kids being added to Medicaid at the standard match.** Note that a few higher-income kids would likely enroll in SCHIP, pay premiums, and be eligible for the enhanced FMAP associated with that program, which is not reflected in the model.

The assumptions made here imply that about 40,500 children who are citizens and in families with income below 138% of the FPL would be added to the Medicaid population in 2020. This brings the total estimate of the population that could be enrolled in an expansion to 271,500.

- **How much will the adult expansion population cost?**

As noted above, a range of information is available to address this question. One option is to use the average cost of a current adult, non-pregnant recipient who is not aged, blind, or disabled (ABD). In FY17, this was $459/month, including pharmacy, which represented about 25% of that cost. Evidence from other states suggests that the new enrollees will be less expensive, possibly not initially, but after the first couple of years. Since Missouri's eligibility level is so low, it suggests that the average cost may not be representative of the general Medicaid expansion population, who may be healthier.

Another approach is to analyze Medical Expenditure Panel Survey (MEPS) data, which is not Missouri specific, but which can generate average total health expenditures across demographic groups (age, gender) and self-reported health status. These average costs can then be combined with CPS data in which counts of the eligible population by age, gender, and self-reported health status in Missouri are specified. When analyzing costs for low-income Midwestern MEPS respondents with public insurance or no insurance, this method gives an estimated cost of about $340/month in 2018 dollars. This is likely a low estimate due to some uninsured people not seeking needed care.

Other states have reported data on this issue, but it is difficult to separate out the costs of the truly newly eligible, who are more likely to be relatively healthy, and the spend-down population, who are by

definition incurring unusually high costs. The latter group – or the subset who are eligible for expansion by reason of their income – typically becomes incorporated into the expansion cost data. We assess this group separately in the next section. To inform our estimate, we reviewed analyses from several Medicaid expansion states as well as considering a CMS report that summarizes data on expenditures for expansion states.[9] We expect that the newly eligible population will be slightly healthier and less expensive than the current adult non-ABD population, i.e., custodial parents with incomes less than 20% FPL.

We use a cost estimate of $425/PMPM for the newly eligible, but we consider a range from $350 to $525, noting that a bell-shaped distribution applies to this (and all) estimates and that the extreme ends of the range are considered unlikely.

- **How much can be saved on the spend-down population?**

FY2017 enrollment data show that about 8.5% of the ABD population is considered "spenddown." This category of individuals earns too much to qualify for Medicaid, but are able to gain Medicaid coverage by documenting their high out-of-pocket costs that effectively reduce their income to the qualifying level. Fiscal data show that total spending across the entire ABD population is about $5.7 billion. If we assume proportionality, then about $480 million is spent by this population. (In fact, it is likely much greater than this. A Kaiser report found in 2012 that on average, the medically needy population in 2009 was 5% of enrollment but incurred 11% of costs, and this is a similar group.)[10] Thus, when estimating spending on this population, we make the conservative assumption that they are 25% more expensive than proportionality would suggest.

Data from Arkansas show that their spend-down disabled population was actually reduced by 87.2% pre/post expansion (although the overall size of the population was much smaller to start), allowing significant savings to occur through the increased match.[11] Washington state expected savings of $35 million in FY2015 (year two of implementation)[12] on a pre-ACA spend-down population of about 12,000.[13] Missouri's population averages about 19,000, so a savings of $55 million by year two would be predicted on this basis.

Finally, an earlier DSS analysis found that about 14.5% of the spend-down population would qualify for expansion – because this subgroup of individuals are not on Medicare and have incomes between 85% and 138% FPL, so they would be immediately eligible under the Medicaid expansion without having to spend down first – so we use 14.5% of 8.5% of the original permanently and totally disabled (PT&D) spending, scaling up by 25% as mentioned above, to determine that **about $70.7 million in P&TD spending would be subject to the new 90% match, saving about $17.4 million.**

- **How much can be saved on the disabled population that never becomes dual eligible?**

Previous DSS analysis of enrollment patterns found that about 47% of persons who applied for Supplemental Security Income (SSI) benefits did not ever become disabled according to that standard and thus were not ultimately dually Medicare- and Medicaid-eligible. That analysis also made the assumption that about 25% of this group, on a rolling basis, would not elect to apply for Medicaid through obtaining P&TD eligibility if they were instead eligible through an expansion. This translates into about a 4.9%

annual rate of attrition from the standard match rate and to the 90% match rate: each year, 4.9% of the total P&TD enrollment will be replaced by expansion-population enrollment.[14] This is one key assumption in the model that has a cumulative impact over time, which will be reflected in the five-year horizon analysis. We do assume that the impact tapers off over the course of the five years.

Data from Arkansas show that their disabled SSI population was actually reduced by 6.6% pre/post expansion, allowing significant savings to occur through the increased match.[15] They expected to save $45 million in FY2016. Kentucky expected to save $8 million in FY2015. In Oregon, new enrollees seeking disability determinations dropped by 80% in one year.[16]

Of the 47% who never become dually eligible, **we assume 30% of them will forgo the P&TD pathway in the presence of an expansion**. This represents a slight increase from the assumption made in the previous DSS analysis, informed by the experiences of several states and resulting in an overall annual attrition rate of 4.9% and corresponding to about a $55 million savings in FY2020 (similar to Arkansas when adjusted for inflation and the size of its P&TD population). We also note that this is a key driver of cost savings, and every effort should be made to strategize the best way to create fiscal savings while ensuring that those with some level of disability are making the best choice for their situation.

- **What is the growth rate of spending (inflation) and of the population likely to be?**

Growth rates in Medicaid spending, not including growth due to enrollment changes, has averaged 4-5% over the past several years. This includes inflation, measured by the CPI, which is typically about 2%. The remainder of growth is due to what may be broadly termed "utilization" and refers to the amount and intensity of services needed by the enrolled population. **An annual spending growth rate of 4.5% is used**, and when projecting forward to 2024, we also add in a population growth rate of 0.66% annually to ensure that we adequately account for the fact that the much more inclusive "expansion population" eligibility category may increase proportional to Missouri's average population growth rate. We note that by 2024 and beyond, it is likely that utilization growth may be arrested and may even reverse slightly due to increased access to preventive care and primary care services, but this is not reflected in our estimates.

- **What other assumptions are needed?**

All programs for adults not required by law are subsumed into Medicaid expansion, and all spending on these programs receives the 90% match instead of the standard match. This includes Blind Pensions, Presumptive Eligibility, Ticket to Work Health Assurance, Breast/Cervical Cancer Treatment, and Women's Health Services. This generates significant savings, in particular, on Medicaid for Pregnant Women in Poverty, as 94% of participants (about 13,000) would be eligible under expansion according to prior DSS analysis. A total of about 19,000 beneficiaries would be converted to expansion and receive the 90% match (not counting the enrollment of about 68,000 in Women's Health Services).

We also assume that the FRA rate would decline somewhat due to an expansion, both because some of the funding is tied to uncompensated care and because of internal MHA formulas that ensure fairness across hospitals with varying Medicaid patient volume. A related assumption is that DSH allotments would be reduced further (based upon published information about DSH reduction methodology[17]) if

Missouri expands Medicaid and thus has less uncompensated care. Also related is our assumption regarding "direct Medicaid FRA" spending – spending that is administered by MHA outside the state budget and helps "top up" the low reimbursement rates to hospitals – which is that because about 4% of total hospital spending is made in relation to claims for P&TD patients who would become expansion population, this spending will also receive a higher match.

Results for 2020

Assuming a 4.5% annual growth rate in projecting FY2017 values to FY2020, and assuming that DSH cuts occur as currently specified in Federal law, **we find that a Medicaid expansion in Missouri is approximately revenue neutral and could create cost savings**. With the assumptions outlined in the previous section, we find that the total state obligation (general revenue plus other sources, excluding provider tax revenues) in 2020 is about $3.245 billion in the absence of expansion and $3.206 billion in the presence of an expansion, for **a savings of about $39 million**.

	Lower Bound	**Best Estimate**	**Upper Bound**
Total New Adult Eligible Population	270,000	315,000	360,000
Average Take-up Rate	68%	73%	78%
New Enrollee Cost, PMPM	$350	$425	$525
% Never-Dual Who Forgo P&TD Pathway	40%	30%	20%
State Obligation with Expansion	$3,150.4M	**$3,206.1M**	$3,287.3M
State Obligation without Expansion	$3,245.0M	$3,245.0M	$3,245.0M
Net Change	**-$94.6M**	**-$38.9M**	**+$42.3M**

In addition to our estimate, the table shows two additional estimates based on changes in the key assumptions discussed above. These estimates should be viewed as lower and upper bounds for the actual value, as many assumptions must be set at the extreme end of their likely ranges in order to obtain these values. **The most likely result, if assumptions vary moderately in either direction from our choices, is a value that is within +/- $30m of our best estimate.** Nonetheless, for transparency in communicating the importance of key assumptions, we show:

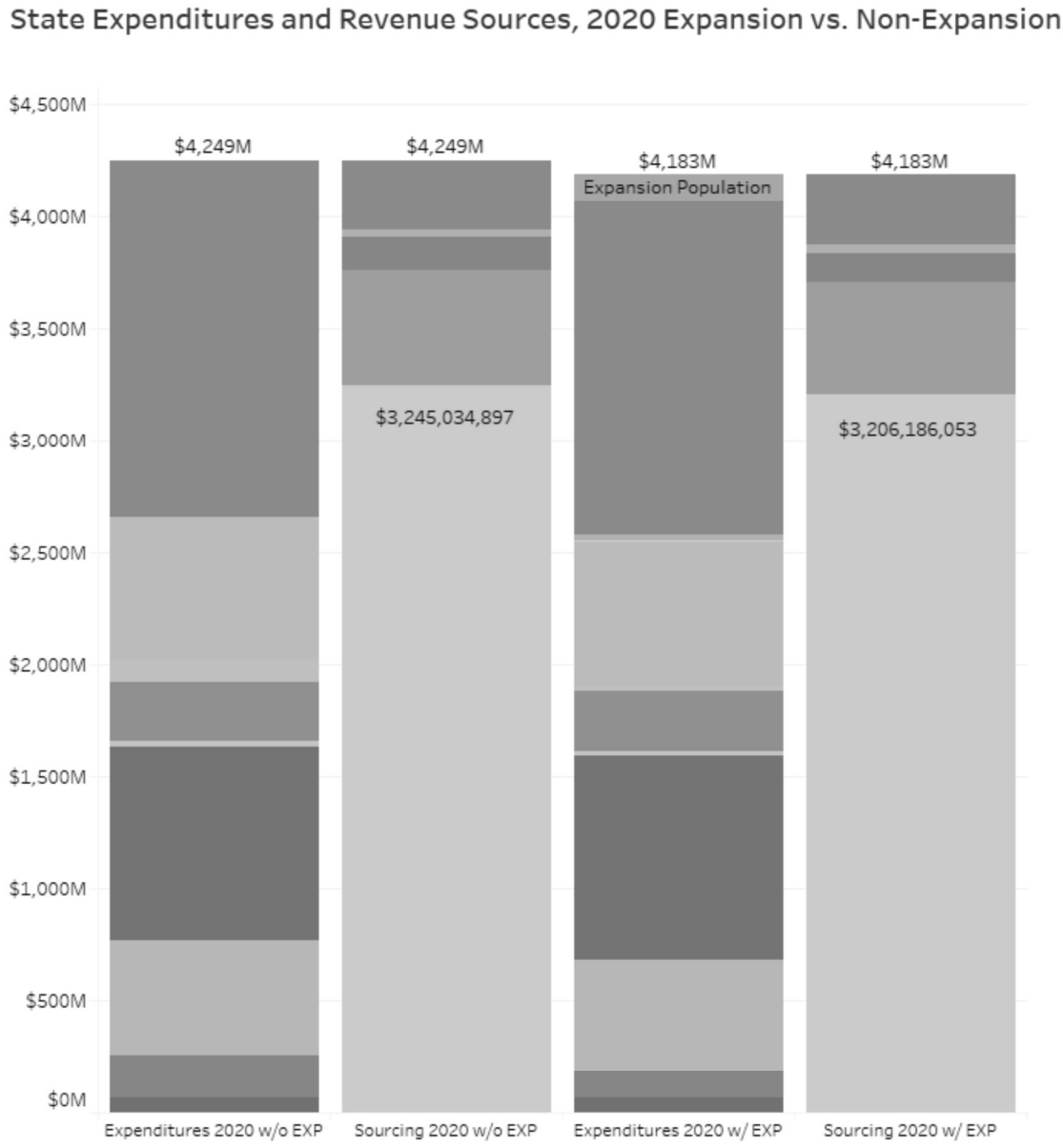
- A worst-case scenario, in terms of immediate fiscal impact, would occur due to higher than expected take-up rates and PMPM costs, along with lower numbers of P&TD applicants switching to the expansion eligibility pathway and smaller costs currently associated with the P&TD spenddown population. With all worst-case assumptions in place, the state obligation under expansion is estimated to be $3.287 billion, or $42 million higher than the $3.245 billion in the non-expansion case.
- A best-case scenario, in terms of immediate fiscal impact, would occur due to lower than expected take-up rates and PMPM costs, along with higher numbers of P&TD applicants switching to the expansion eligibility pathway and larger costs currently associated with the P&TD spenddown population. With all best-case assumptions in place, the state obligation under expansion is estimated to be $3.150 billion, or $95 million lower than the $3.245 billion in the non-expansion case.

Note that this is a very narrowly defined impact insofar as higher take-up rates are associated with more individuals obtaining coverage and needed medical services, which is likely to have social and economic benefits beyond the MO HealthNet program.

Finally, we consider the possibility that DSH cuts are postponed or eliminated, and we find that the state budget improves in both cases. The gap between expansion and non-expansion widens slightly – assuming that DSH cuts would be more dramatic in the case of expansion – but in general the outcomes are similar: costs are higher ($3.213 billion) without expansion than they are with expansion ($3.159 billion).

For the assumptions corresponding to our "best estimate," the resulting costs are compared in Figure 1. The first two columns are expenditures and sourcing in 2020 without expansion, and the last two columns are expenditures and sourcing with expansion. Of note are the labeled gold rectangles which represent the state's obligation from general revenue and other funds (not including provider taxes).

Figure 1.

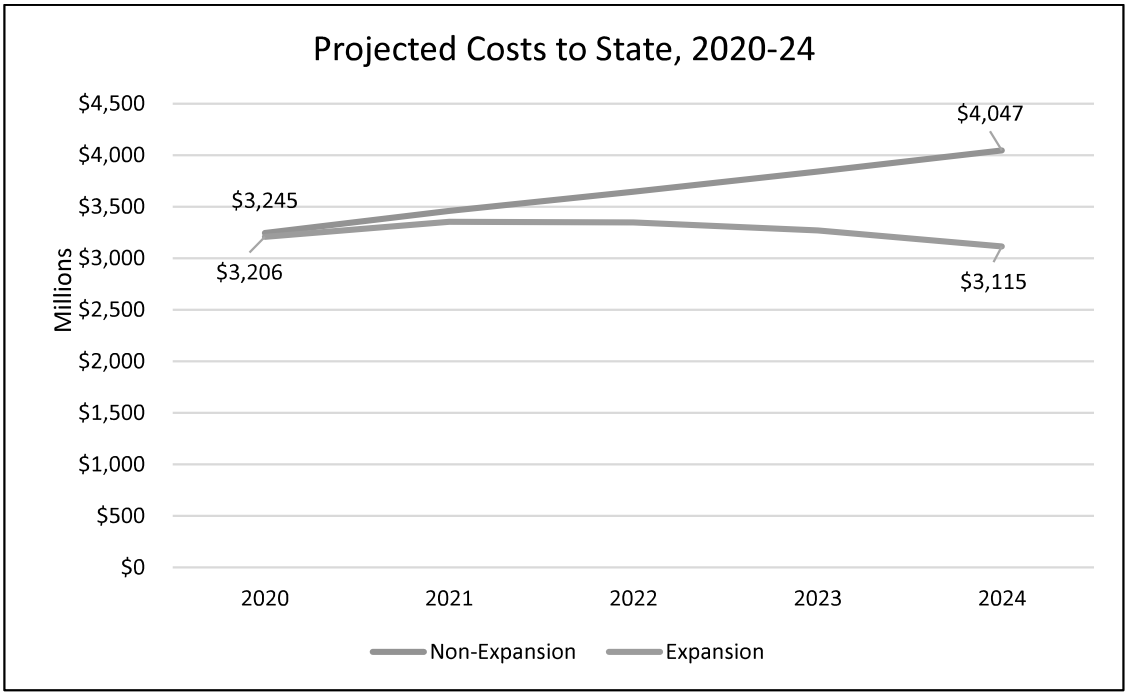


Projections, 2020-24

The last piece of the analysis is to extend these projections to 2024. As mentioned previously, we expect a cumulative effect to occur due to attrition from P&TD enrollment, which is included. Due to the significant savings expected from this population, by 2023 our projection shows the state's obligation actually declining compared to 2020. Another factor that also contributes is the DSH cuts, which in an expansion scenario are less challenging for the state budget due to more FRA provider tax revenues being able to be spent on expansion-eligible individuals, thereby receiving a 90% match that is not limited by the DSH cap, which applies to uncompensated care.

Thus, Figure 2 shows that, beginning with the "best estimate" values for 2020, and continuing to assume a 4.5% growth rate in prices and utilization, by 2024 the annual savings due to expansion is estimated to be about $932 million. The projection also includes an annual population growth rate of 0.66% for both scenarios.

Figure 2.



Not reflected in this projection is the likelihood that better access to care, especially access to prevention and management of chronic conditions, is likely to have a dampening effect on growth of costs for both the expansion population as well as the P&TD population over time. These effects may occur at significant rates after the first few years of expansion.

Also not reflected is the possibility that the Federal Matching Assistance Percentage (FMAP) may not be constant over the five years. Since the FMAP formula is determined based on a state's per capita income relative to the U.S. average, it is difficult to predict. However, it has fallen over the past few years, suggesting Missouri has been more stagnant than some other states, so it seems reasonable to make the neutral assumption that the FMAP does not change.

Additional Considerations

Although not explicitly modeled here, our review of other states' experience suggests a positive fiscal impact to the state budget due to savings within the Department of Corrections, savings within the Department of Mental Health, and increased tax revenues due to the increase in paid health care services.[18]

States that have expanded have seen health care-related savings in their correction budgets for newly Medicaid-eligible prisoners who are treated in an inpatient medical facility outside of the state correctional system. Kentucky has estimated savings of $5.4 million in SFY 2014 and $11.0 million in SFY2015 from replacing state general funds with Medicaid funds for hospital inpatient costs of prisoners. Though we are unable to find updated estimates, the Missouri Department of Corrections previously estimated (for the prior DSS expansion analysis) that inmates in Missouri incur an average of 150 inpatient bed days outside of a corrections facility per month, for a savings of about $3.1 million in 2020. That analysis also estimated savings of $6.9 million in 2020 due to reduced recidivism.

There is some concern about cost containment, with respect to the relatively healthy expansion population who would doubtless be enrolled in managed care, because of Missouri's limited ability to accurately assess – and compensate – managed care companies' exposure to and management of risks, and even to accurately convey enrollees' information to managed care companies. With current technology and staffing limitations, there is a chance that costs will not be well contained in a managed care setting. However, information technology upgrades are in the beginning stages of a six-to eight-year timeline, with significant funding in the governor's FY2020 budget recommendation to achieve the IT capabilities for modernizing existing payment methodologies, even in the context of an unexpanded program.

On this point, a recent Commonwealth Fund analysis of 10 Medicaid expansion states finds:

> "States have made health system reform a core element of their Medicaid expansions, with the aim of improving access, quality, efficiency, and population health. States have sought to incorporate evidence-based practice and payment strategies, with an emphasis on populations likely to benefit from improved care management and on better integration of treatment for physical and behavioral health problems. Seven of 10 are directly engaged in provider payment and delivery system reform. Agencies noted the importance of experienced provider networks in addressing complex health and social needs, along with managed care's role in quality improvement and payment reform. States embrace their roles as payers and health care innovators, identifying stability of both coverage and the underlying federal policy environment as key factors."[19]

It is our recommendation that these issues be brought to the forefront in any discussion of Medicaid expansion, with barriers to implementation of such innovations identified and addressed as far in advance as possible of the addition of new enrollees to the program. An ongoing commitment of resources, especially staffing, will be critical in realizing the potential savings from cost containment.

Conclusion

This analysis has shown that expansion of Medicaid in Missouri is close to budget neutrality and actually has an estimated savings of $39 million. While this value is our best estimate, we also provide a range of -$95 million to +$42 million, which should be considered the lower and upper bounds of what the net impact to the state, within the MO Healthnet program, would be in FY2020. Other forms of savings across other departments, as well as increases to general revenue, are likely. There are numerous benefits in terms of health outcomes that have been documented in other states, many of which will likely generate economic dividends over time, as investment in a healthy workforce has been shown in other settings to create.

Furthermore, there is a current net outflow of dollars from Missouri due to its lack of expansion. In 2015, Missouri residents sent a total of $64.1 billion to the Federal government in the form of income taxes, which was 1.95% of the U.S. total. In FY2015, Missouri received $6.28 billion back from the federal government for Medicaid, which was only 1.80% of the U.S. total. Roughly, this difference of 0.15% of total U.S. income taxes collected represents about $500 million leaving the state each year and is therefore an economic loss to the state. Conversely, spending within the state spurs job creation, increasing incomes and tax revenues in the state.

Although we find expansion to be roughly revenue neutral, we caution that some assumptions (in particular, the size of the new population) are fairly uncertain prior to implementation. Other estimates could be honed with recent data available internally to DSS analysts. The cost estimates for the newly eligible, however, really depend upon how well Missouri can commit to modernizing and improving its relationship with managed-care companies. Costs have the potential to be well contained, based upon evidence in other states, but modern infrastructure may be required to accomplish this in Missouri while maintaining and improving delivery of services for lower-income Missourians throughout the state.

About Missouri Foundation for Health

This report is supported by Missouri Foundation for Health, a resource for the region, working with communities and nonprofits to generate and accelerate positive changes in health. As a catalyst for change, the Foundation improves the health of Missourians through partnership, experience, knowledge, and funding.

Notes

[1] Idaho, Nebraska, and Utah passed ballot initiatives in November 2018, while Maine passed an initiative in November 2017 that has been opposed by the governor.
[2] U.S. Congressional Budget Office, 2009. Cited by U. S. Supreme Court, "National Federation of Independent Business, et al v. Sebelius, Secretary of Health and Human Services, et al. (2012), page 43. https://www.semissourian.com/files/health-care-opinion.pdf
[3] https://www.kff.org/medicaid/fact-sheet/states-and-medicaid-provider-taxes-or-fees/
[4] https://dss.mo.gov/re/fsd_mhdmr.htm
[5] http://www.mhanet.com/mhaimages/FRA/FRA_Interactive_Tutorial.zip
[6] Calculated from Health Insurance Marketplace enrollment data available from the Assistant Secretary of Planning and Evaluation, Department of Health and Human Services.
[7] https://www.kff.org/medicaid/issue-brief/the-coverage-gap-uninsured-poor-adults-in-states-that-do-not-expand-medicaid/
[8] https://www.urban.org/research/publication/implications-medicaid-expansion-remaining-states-2018-update
[9] https://www.cms.gov/Research-Statistics-Data-and-Systems/Research/ActuarialStudies/Downloads/MedicaidReport2017.pdf
[10] https://kaiserfamilyfoundation.files.wordpress.com/2013/01/4096.pdf
[11] http://www.arkleg.state.ar.us/assembly/2017/Meeting%20Attachments/836/I14804/TF%20FinalDraftReport.12-14-2016.pdf
[12] https://www.rwjf.org/content/dam/farm/reports/issue_briefs/2016/rwjf419097
[13] Data obtained by FOIA request from Washington State Healthcare Authority, November 27, 2018.
[14] This value was calculated by applying the 47% and the 30% to the average number of new applicants, which is about 4400 monthly in FY2017, on a cumulative monthly basis. The result is about 7445 enrollees who are never added to the P&TD population (which averages about 151,000), each year. This is about 4.9%.
[15] http://www.arkleg.state.ar.us/assembly/2017/Meeting%20Attachments/836/I14804/TF%20FinalDraftReport.12-14-2016.pdf
[16] https://www.rwjf.org/content/dam/farm/reports/issue_briefs/2016/rwjf419097
[17] https://www.federalregister.gov/documents/2017/07/28/2017-15962/medicaid-program-state-disproportionate-share-hospital-allotment-reductions
[18] https://www.rwjf.org/content/dam/farm/reports/issue_briefs/2016/rwjf419097
[19] https://www.commonwealthfund.org/publications/issue-briefs/2017/oct/medicaid-payment-and-delivery-system-reform-early-insights-10

MEMORANDUM

To: Susan Beeler, Office of the Missouri State Auditor

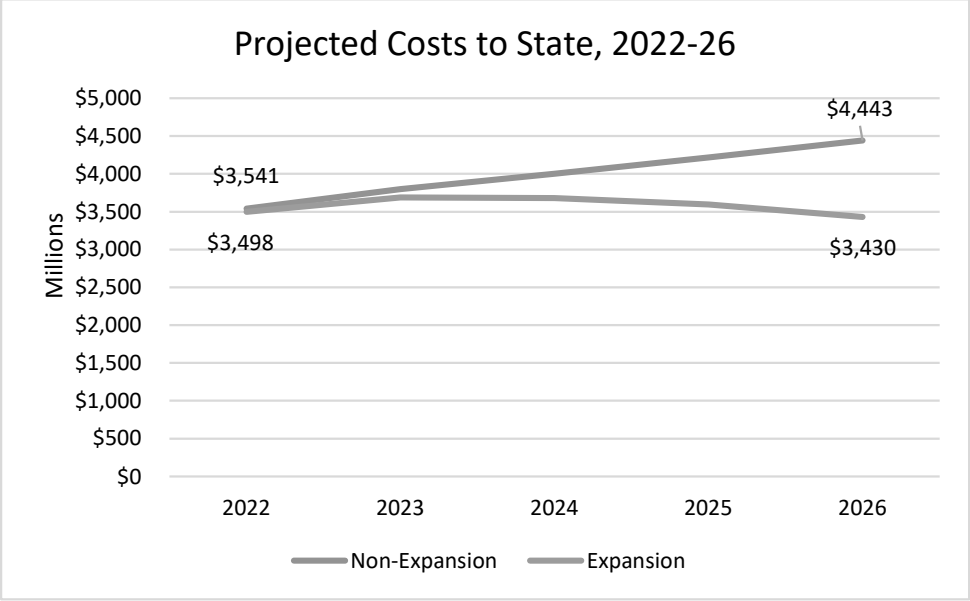
From: Abigail Barker, PhD and Timothy McBride, PhD
Center for Health Economics and Policy, Washington University

Subject: Analysis of the Fiscal Impact of Medicaid Expansion in Missouri
Revised Projections for FY2022-26

Date: April 10, 2019

In our recent report analyzing the fiscal impact of a Medicaid expansion to the state's Medicaid budget, we produced estimates for FY2020 and extended these projections to 2024. Per your request, we have changed the timeframe of the projections to FY2022-26. The revised numbers reflect (1) trending forward the FY2017 fiscal data for 5 years rather than 3; (2) trending forward the assumed PMPM cost of newly eligible adults and newly enrolling children by 2 years; and (3) eliminating the phase-in of DSH cuts, which is slated to occur in FY2020, and assuming the full DSH cuts for all 5 years.

The figure below shows that, beginning with the "best estimate" values for 2022, and continuing to assume a 4.5% growth rate in prices and utilization, by 2026 the annual savings due to expansion is estimated to be about $1.013 billion. The projection also includes an annual population growth rate of 0.66% for both scenarios.



As mentioned previously, we expect a cumulative effect to occur due to attrition from P&TD enrollment. Due to the significant savings expected from this population, by 2023 our projection shows the state's obligation actually declining compared to 2022. By 2026, we assume a total decline of about 27% of the current P&TD population as individuals elect to obtain Medicaid coverage through expansion rather than application through the disability determination process. As P&TD enrollees incur very high costs on average, and the state can save about 25% of all costs associated with these individuals, this is a key driver of the savings over time.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State government entities are estimated to have one-time costs of approximately $6.4 million and an unknown annual net fiscal impact by 2026 ranging from increased costs of at least $200 million to savings of $1 billion. Local governments expect costs to decrease by an unknown amount.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 22, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
MAR 22 2019
STATE AUDITORS OFFICE

RE: Petition approval request from Heidi Miller regarding a proposed constitutional amendment to Article IV (2020-052)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Heidi Miller on March 22, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
2019 MAR 22 AM 9:41

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____.

_____

Address of Notary (Street, City, State & Zip Code)

Be it resolved by the people of the State of Missouri that the Constitution be amended:

Article IV of the Constitution is revised by adding one new section to be known as Article IV, Section 36(c) to read as follows:

Section 36(c). 1. Notwithstanding any provision of law to the contrary, beginning July 1, 2021, individuals nineteen years of age or older and under sixty-five years of age who qualify for MO HealthNet services under 42 U.S.C. Section 1396a(a)(10)(A)(i)(VIII) and as set forth in 42 C.F.R. 435.119, and who have income at or below one hundred thirty-three percent of the federal poverty level plus five percent of the applicable family size as determined under 42 U.S.C. Section 1396a(e)(14) and as set forth in 42 C.F.R. 435.603, shall be eligible for medical assistance under MO HealthNet and shall receive coverage for the health benefits service package.

2. For purposes of this section, "health benefits service package" shall mean benefits covered by the MO HealthNet program as determined by the department of social services to meet the benchmark or benchmark-equivalent coverage requirement under 42 U.S.C. Section 1396a(k)(1) and any implementing regulations.

3. No later than March 1, 2021, the Department of Social Services and the MO HealthNet Division shall submit all state plan amendments necessary to implement this section to the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services.

4. The Department of Social Services and the MO HealthNet Division shall take all actions necessary to maximize federal financial participation in funding medical assistance pursuant to this section.

5. No greater or additional burdens or restrictions on eligibility or enrollment standards, methodologies, or practices shall be imposed on persons eligible for MO HealthNet services pursuant to this section than on any other population eligible for medical assistance.

6. All references to federal or state statutes, regulations or rules in this section shall be to the version of those statutes, regulations or rules that existed on January 1, 2019.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 22, 2019

RECEIVED
MAR 22 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mark Pedersen regarding a proposed constitutional amendment to Article XVI (051)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mark Pedersen on March 22, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the **3rd** day of November, **2020**, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
2019 MAR 22 AM 8:09

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF

_____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong. Dist.	NAME (Print or Typed)
1.						
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15.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____ Signature of Affiant (Person obtaining signatures)

_____ Address of Affiant

_____ Printed Name of Affiant

_____ Signature of Notary

Subscribed and sworn to before me, this _____ day of _____, A.D. _____ .

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

This measure amends the Missouri Constitution by replacing Article XVI (16), henceforth to be called **Missouri Cannabis Restoration and Protection**. The current content of Article XVI (16) that will be replaced is **in brackets** and reads as follows:

[Section 1. Right to Access Medical Marijuana

1. Purposes

This section is intended to permit state-licensed physicians to recommend marijuana for medical purposes to patients with serious illnesses and medical conditions. The section allows patients with qualifying medical conditions the right to discuss freely with their physicians the possible benefits of medical marijuana use, the right of their physicians to provide professional advice concerning the same, and the right to use medical marijuana for treatment under the supervision of a physician.

This section is intended to make only those changes to Missouri laws that are necessary to protect patients, their primary caregivers, and their physicians from civil and criminal penalties, and to allow for the limited legal production, distribution, sale and purchase of marijuana for medical use. This section is not intended to change current civil and criminal laws governing the use of marijuana for non medical purposes. The section does not allow for the pub) ic use of marijuana and driving under the influence of marijuana.

2. Definitions

(1) "Administer" means the direct application of marijuana to a Qualifying Patient by way of any of the following methods:

(a) Ingestion of capsules, teas, oils, and other marijuana-infused products:

(b) Vaporization or smoking of dried flowers, buds, plant material, extracts, or oils;

(c) Application of ointments or balms;

(d) Transdermal patches and suppositories;

(e) Consuming marijuana-infused food products; or

(f) Any other method recommended by a Qualifying Patient's physician.

(2) "Department" means the Department of Health and Senior Services, or its successor agency.

(3) "Entity" means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) "Flowering plant" means a marijuana plant from the time it exhibits the first signs of sexual maturity through harvest.

(5) "Marijuana" or "Marihuana" means ***Cannabis indica, Cannabis sativa,*** and ***Cannabis ruderalis,*** hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" or "Marihuana" do not include industrial hemp containing a crop-wide average tetrahydrocannabinol concentration that does not exceed three-tenths of one percent on a dry weight basis, or commodities or products manufactured from industrial hemp.

(6) "Marijuana-Infused Products" means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(7) "Medical Marijuana Cultivation Facility" means a facility licensed by the Department, to acquire, cultivate, process, store, transport, and sell marijuana to a Medical Marijuana Dispensary Facility, Medical Marijuana Testing Facility, or to a Medical Marijuana-Infused Products Manufacturing Facility.

(8) "Medical Marijuana Dispensary Facility" means a facility licensed by the Department, to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and drug paraphernalia used to administer marijuana as provided for in this section to a Qualifying Patient, a Primary caregiver, another Medical Marijuana Dispensary Facility, a Medical Marijuana Testing Facility, or a Medical Marijuana-Infused Products Manufacturing Facility.

(9) "Medical Marijuana-Infused Products Manufacturing Facility" means a facility licensed by the Department, to acquire, store, manufacture, transport, and sell marijuana-infused products to a Medical Marijuana Dispensary Facility, a Medical Marijuana Testing Facility, or to another Medical Marijuana-Infused Products Manufacturing Facility.

(10) "Medical Marijuana Testing Facility" means a facility certified by the Department, to acquire, test, certify, and transport marijuana.

(11) "Medical use" means the production, possession, delivery, distribution, transportation, or administration of marijuana or a marijuana-infused product, or drug paraphernalia used to administer marijuana or a marijuana-infused product, for the benefit of a Qualifying Patient to mitigate the symptoms or effects of the patient's qualifying medical condition.

(12) "Physician" means an individual who is licensed and in good standing to practice medicine or osteopathy under Missouri law.

(13) "Physician certification" means a document, whether handwritten, electronic or in another commonly used format, signed by a physician and stating that, in the physician's professional opinion, the patient suffers from a qualifying medical condition.

(14) "Primary caregiver" means an individual twenty-one years of age or older who has significant responsibility for managing the well-being of a Qualifying Patient and who is designated as such on the primary caregiver's application for an identification card under this section or in other written notification to the Department.

(15) "Qualifying medical condition" means the condition of, symptoms related to, or side- effects from the treatment of:

(a) Cancer:

(b) Epilepsy;

(c) Glaucoma:

(d) Intractable migraines unresponsive to other treatment;

(e) A chronic medical condition that causes severe, persistent pain or persistent muscle spasms, including but not limited to those associated with multiple sclerosis, seizures, Parkinson's disease, and Tourette's syndrome:

(f) Debilitating psychiatric disorders, including, but not limited to, post-traumatic stress disorder, if diagnosed by a state licensed psychiatrist;

(g) Human immunodeficiency virus or acquired immune deficiency syndrome:

(h) A chronic medical condition that is normally treated with a prescription medication that could lead to physical or psychological dependence, when a physician determines that medical use of marijuana could be effective in treating that condition and would serve as a safer alternative to the prescription medication: (i) Any terminal illness: or

(i) In the professional judgment of a physician, any other chronic, debilitating or other medical condition, including, but not limited to, hepatitis C, amyotrophic lateral sclerosis, inflammatory bowel disease, Crohn's disease, Huntington's disease, autism, neuropathies, sickle cell anemia, agitation of Alzheimer's disease, cachexia, and wasting syndrome.

(16) "Qualifying Patient" means a Missouri resident diagnosed with at least one qualifying medical condition.

3. Creating Patient Access to Medical Marijuana

(1) In carrying out the implementation of this section, the Department shall have the authority to:

(a) Grant or refuse state licenses and certifications for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use as provided by law; suspend, fine, restrict, or revoke such licenses and certifications upon a violation of this section or a rule promulgated pursuant to this section: and impose any administrative penalty authorized by this section or any rule promulgated pursuant to this section.

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana for medical use and for the enforcement of this section so long as patient access is not restricted unreasonably and such rules are reasonably necessary for patient safety or to restrict access to only licensees and Qualifying Patients.

(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section:

(d) Require a seed-to-sale tracking system that tracks medical marijuana from either the seed or immature plant stage until the medical marijuana or medical marijuana-infused product is sold to a Qualifying Patient or Primary Caregiver to ensure that no medical marijuana grown by a Medical Marijuana Cultivation Facility or manufactured by a Medical Marijuana-Infused Products Manufacturing Facility is sold or otherwise transferred except by a Medical Marijuana Dispensary Facility. The Department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees.

(e) Issue standards for the secure transportation of Marijuana and Marijuana-Infused Products. The Department shall certify entities which demonstrate compliance with its transportation standards to transport Marijuana and Marijuana-Infused Products to a Medical Marijuana Cultivation Facility, a Medical Marijuana-Infused Products Manufacturing Facility, a Medical Marijuana Dispensary Facility, a Medical Marijuana Testing Facility, or another entity with a transportation certification. The Department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity licensed or certified pursuant to this section shall be allowed to transport cannabis.

(f) The Department may charge a fee not to exceed $5,000 for any certification issued pursuant to this section.

(g) Prepare and transmit annually a publicly available report accounting to the Governor for the efficient discharge of all responsibilities assigned to the Department under this section;

(h) Establish a system to numerically score competing medical marijuana licensee and certificate applicants, only in cases where more applicants apply than the minimum number of licenses or certificates as calculated by this section, which scoring shall be limited to an analysis of the following: (i) the character, veracity, background, qualifications, and relevant experience of principal officers or managers: (ii) the business plan proposed by the applicant, which in the case of cultivation facilities and dispensaries shall include the ability to maintain an adequate supply of marijuana, plans to ensure safety and security of Qualifying Patients and the community, procedures to be used to prevent diversion, and any plan for making Marijuana available to low-income Qualifying Patients: (iii) site security: (iv) experience in a legal cannabis market: (v) in the case of Medical Marijuana Testing Facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and/or potency and health care industry experience: (vi) the potential for positive economic impact in the site community: (vii) in the case of Medical Marijuana Cultivation Facilities, capacity or experience with agriculture, horticulture, and health care; (viii) in the case of Medical Marijuana Dispensary Facilities, capacity or experience with health care, the suitability of the proposed location, and its accessibility for patients; (ix) in the case of Medical Marijuana-Infused Products Manufacturing Facilities, capacity or experience with food and beverage manufacturing; and (x) maintaining competitiveness in the marijuana for medical use marketplace. In ranking applicants and awarding licenses and certificates, the Department may consult or contract with other public agencies with relevant expertise regarding these factors. The Department shall lift or ease any limit on the number of licensees or certificate holders in order to meet the demand for marijuana for medical use by Qualifying Patients.

(2) The Department shall issue any rules or emergency rules necessary for the implementation and enforcement of this section and to ensure the right to, availability, and safe use of marijuana for medical use by Qualifying Patients. In developing such rules or emergency rules, the Department may consult with other public agencies. In addition to any other rules or emergency rules necessary to carry out the mandates of this section, the Department may issue rules or emergency rules relating to the following subjects:

(a) Compliance with, enforcement of, or violation of any provision of this section or any rule issued pursuant to this section, including procedures and grounds for denying, suspending, fining, restricting, or revoking a state license or certification issued pursuant to this section:

(b) Specifications of duties of officers and employees of the Department:

(c) Instructions or guidance for local authorities and law enforcement officers:

(d) Requirements for inspections, investigations, searches, seizures, and such additional enforcement activities as may become necessary from time to time;

(e) Creation of a range of administrative penalties for use by the Department;

(f) Prohibition of misrepresentation and unfair practices;

(g) Control of informational and product displays on licensed premises provided that the rules may not prevent or unreasonably restrict appropriate signs on the property of the Medical Marijuana Dispensary Facility, product display and examination by the Qualifying Patient and/or Primary caregiver, listings in business directories including phone books, listings in marijuana-related or medical publications, or the sponsorship of health or not for profit charity or advocacy events;

(h) Development of individual identification cards for owners, officers, managers, contractors, employees, and other support staff of entities licensed or certified pursuant to this section, including a fingerprint based federal and state criminal record check in accordance with U.S. Public Law 92-544, or its successor provisions, as may be required by the Department prior to issuing a card and procedures to ensure that cards for new applicants are issued within fourteen days. Applicants licensed pursuant to this section shall submit fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol, if necessary, shall forward the fingerprints to the Federal Bureau of Investigation (FBI) for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted pursuant to 43.543 and fees shall be paid pursuant to 43.530:

(i) Security requirements for any premises licensed or certified pursuant to this section, including, at a minimum, lighting, physical security, video, alarm requirements, and other minimum procedures for internal control as deemed necessary by the Department to properly administer and enforce the provisions of this section, including reporting requirements for changes, alterations, or modifications to the premises;

(j) Regulation of the storage of, warehouses for, and transportation of marijuana for medical use;

(k) Sanitary requirements for, including, but not limited to, the preparation of medical Marijuana-Infused Products:

(l) The specification of acceptable forms of picture identification that a Medical Marijuana Dispensary Facility may accept when verifying a sale:

(m) Labeling and packaging standards;

(n) Records to be kept by licensees and the required availability of the records;

(o) State licensing procedures, including procedures for renewals, reinstatements, initial licenses, and the payment of licensing fees:

(p) The reporting and transmittal of tax payments:

(q) Authorization for the Department of Revenue to have access to licensing information to ensure tax payment and the effective administration of this section: and

(r) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(3) The Department shall issue rules or emergency rules for a medical marijuana and medical marijuana-infused products independent testing and certification program for medical marijuana licensees and requiring licensees to test medical marijuana using one or more impartial, independent laboratories to ensure, at a minimum, that products sold for human consumption do not contain contaminants that are injurious to health, to ensure correct labeling and measure potency. The Department shall not require any medical marijuana or medical marijuana-infused products to be tested more than once prior to sale.

(4) The Department shall issue rules or emergency rules to provide for the certification of and standards for Medical Marijuana Testing Facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The Department shall certify, if possible, at least two entities as Medical Marijuana Testing Facilities. No Medical Marijuana Testing Facility shall be owned by an entity under substantially common control, ownership, or management as a Medical Marijuana Cultivation Facility, Medical Marijuana-Infused Product Manufacturing Facility, or Medical Marijuana Dispensary Facility.

(5) The Department shall maintain the confidentiality of reports or other information obtained from an applicant or licensee containing any individualized data, information, or records related to the licensee or its operation, including sales information, financial records, tax returns, credit reports, cultivation information, testing results, and security information and plans, or revealing any patient information, or any other records that are exempt from public inspection pursuant to state or federal law. Such reports or other information may be used only for a purpose authorized by this section. Any information released related to patients may be used only for a purpose authorized by federal law and this section, including verifying that a person who presented a patient identification card to a state or local law enforcement official is lawfully in possession of such card.

(6) Within one hundred eighty days of the effective date of this section, the Department shall make available to the public license application forms and application instructions for Medical Marijuana Cultivation Facilities, Medical Marijuana Testing Facilities, Medical Marijuana Dispensary Facilities, and Medical Marijuana-Infused Products Manufacturing Facilities.

(7) Within one hundred eighty days of the effective date of this section, the Department shall make available to the public application forms and application instructions for Qualifying Patient Qualifying Patient cultivation, and Primary caregiver identification cards. Within two hundred ten days of the effective date of this section, the Department shall begin accepting applications for such identification cards.

(8) An entity may apply to the Department for and obtain one or more licenses to grow marijuana as a Medical Marijuana Cultivation Facility. Each facility in operation shall require a separate license, but multiple licenses may be utilized in a single facility. Each indoor facility utilizing artificial lighting may be limited by the Department to thirty thousand square feet of flowering plant canopy space. Each outdoor facility utilizing natural lighting may be limited by the Department to two thousand eight hundred flowering plants. Each greenhouse facility using a combination of natural and artificial lighting may be limited by the Department, at the election of the licensee, to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of ten thousand dollars per license application or renewal for all applicants filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of five thousand dollars per license application or renewal thereafter. Once granted, the Department shall charge each licensee an annual fee of twenty-five thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three Medical Marijuana Cultivation Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(9) An entity may apply to the Department for and obtain one or more licenses to operate a Medical Marijuana Dispensary Facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the Department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than five Medical Marijuana Dispensary Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(10) An entity may apply to the Department for and obtain one or more licenses to operate a Medical Marijuana-Infused Products Manufacturing Facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the Department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three Medical Marijuana-Infused Products Manufacturing Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(11) Any applicant for a license authorized by this section may pre-file their application fee with the Department beginning 30 days after the effective date of this section.

(12) Except for good cause, a Qualifying Patient or his or her Primary caregiver may obtain an identification card from the Department to cultivate up to six flowering marijuana plants for the exclusive use of that Qualifying Patient. The card shall be valid for twelve months from its date of issuance and shall be renewable with the annual submittal of a new or updated physician's certification. The Department shall charge an annual fee for the card of one hundred dollars, with such rate to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency.

(13) The Department may set a limit on the amount of marijuana that may be purchased by or on behalf of a single Qualifying Patient in a thirty day period, provided that limit is not less than four ounces of dried, unprocessed marijuana, or its equivalent. Any such limit shall not apply to a Qualifying Patient with written certification from two independent physicians that there are compelling reasons why the Qualifying Patient needs a greater amount than the limit established by the Department.

(14) The Department may set a limit on the amount of marijuana that may be possessed by or on behalf of each qualifying patient, provided that limit is not less than a sixty day supply of dried, unprocessed marijuana, or its equivalent. A Primary caregiver may possess a separate legal limit for each Qualifying Patient under their care and a separate legal limit for themselves if they are a Qualifying Patient.

Qualifying Patients cultivating marijuana for medical use may possess up to a ninety day supply, s iong as the supply remains on property under their control. Any such limit shall not apply to a Qualifying Patient with written certification from two independent physicians that there are compelling reasons for additional amounts. Possession of between the legal limit and up to twice the legal limit shall subject the possessor to Department sanctions, including an administrative penalty and loss of their patient identification card for up to a year. Purposefully possessing amounts in excess of twice the legal limit shall be punishable by imprisonment of up to one year and a fine of up to two thousand dollars.

(15) The Department may restrict the aggregate number of licenses granted for Medical Marijuana Cultivation Facilities, provided, however, that the number may not be limited to fewer than one license per every one hundred thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(16) The Department may restrict the aggregate number of licenses granted for Marijuana-Infused Products Manufacturing Facilities, provided, however, that the number may not be limited to fewer than one license per every seventy thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(17) The Department may restrict the aggregate number of licenses granted for Medical Marijuana Dispensary Facilities, provided, however, that the number may not be limited to fewer than twenty-four licenses in each United States Congressional district in the state of Missouri pursuant to the map of each of the eight congressional districts as drawn and effective on the effective date of this section. Future changes to the boundaries of or the number of congressional districts shall have no impact.

(18) The Department shall begin accepting license and certification applications for Medical Marijuana Dispensary Facilities, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than two hundred forty days after the effective date of this section. Applications for licenses and certifications under this section shall be approved or denied by the Department no later than one hundred fifty days after their submission. If the Department fails to carry out its non-discretionary duty to approve or deny an application within one hundred fifty days of submission, an applicant may immediately seek a court order compelling the Department to approve or deny the application.

(19) Qualifying Patients under this section shall obtain and annually renew an identification card or cards from the Department. The Department shall charge a fee of twenty-five dollars per year per card with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor or its successor agency. Upon receiving an application for a Qualifying Patient identification card or Qualifying Patient cultivation identification card, the Department shall, within thirty days, either issue the card or provide a written explanation for its denial. If the Department fails to deny and fails to issue a card to an eligible Qualifying Patient within thirty days, then their physician certification shall serve as their Qualifying Patient identification card or Qualifying Patient cultivation identification card for up to one year from the date of physician certification. All initial applications for or renewals of a Qualifying Patient identification card or Qualifying Patient cultivation identification card shall be accompanied by a physician certification that is less than thirty days old.

(20) Primary caregivers under this section shall obtain and annually renew an identification card from the Department. The Department shall charge a fee of twenty five dollars per year, with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. Upon receiving an application for a Primary caregiver identification card the Department shall, within thirty days, either issue the card or provide a written explanation for its denial.

(21) All marijuana for medical use sold in Missouri shall be cultivated in a licensed Medical Marijuana Cultivation Facility located in Missouri.

(22) All marijuana-infused products for medical use sold in the state of Missouri shall be manufactured in a Medical Marijuana-Infused Products Manufacturing Facility.

(23) The denial of a license, license renewal, or identification card by the Department shall be appealable to the Administrative Hearing Commission, or its successor entity. Following the exhaustion of administrative review, denial of a license, license renewal, or identification card by the Department shall be subject to judicial review as provided by law.

(24) No elected official shall interfere directly or indirectly with the Department's obligations and activities under this section.

(25) The Department shall not have the authority to apply or enforce any rule or regulation that would impose an undue burden on any one or more licensees or certificate holders, any Qualifying Patients, or act to undermine the purposes of this section.

4. Taxation and Reporting

(1) A tax is levied upon the retail sale of marijuana for medical use sold at Medical Marijuana Dispensary Facilities within the state. The tax shall be at a rate of four percent of the retail price. The tax shall be collected by each licensed Medical Marijuana Dispensary Facility and paid to the Department of Revenue. After retaining no more than five percent for its actual collection costs, amounts generated by the tax levied in this section shall be deposited by the Department of Revenue into the Missouri Veterans' Health and Care Fund. Licensed entities making retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Missouri Veterans' Health and Care Fund," which shall consist of taxes and fees collected under this section. The State Treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and monies earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The Commissioner of Administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the Department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the Department, an amount necessary for the Department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section:

(b) Next, the remainder of such funds shall be transferred to the Missouri Veterans Commission for health and care services for military veterans, including the following purposes: operations, maintenance and capital improvements of the Missouri Veterans Homes, the Missouri Service Officer's Program, and other services for veterans approved by the Commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness. The Missouri Veterans Commission shall contract with other public agencies for the delivery of services beyond its expertise.

(c) All monies from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana for medical use, a record shall be kept by the seller which identifies, by secure and encrypted patient number issued by the seller to the qualifying patient involved in the sale, all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected and grand total sale amounts. All such records shall be kept on the

premises in a readily available format and be made available for review by the Department and the Department of Revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from, and in addition to, any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana for medical use.

(6) The fees and taxes provided for in this Article XVI, Section 1 shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

(7) The unexpended balance existing in the fund shall be exempt from the provisions of section 33.080 relating to the transfer of unexpended balances to the general revenue fund.

5. Additional Patient, Physician, Caregiver and Provider Protections

(1) Except as provided in this section, the possession of marijuana in quantities less than the limits of this section, or established by the Department, and transportation of marijuana from a Medical Marijuana Dispensary Facility to the Qualifying Patient's residence shall not subject the possessor to arrest, criminal or civil liability, or sanctions under Missouri law, provided that the possessor produces on demand to the appropriate authority a valid Qualifying Patient identification card: a valid Qualifying Patient cultivation identification card; a valid physician certification while making application for an identification card: or a valid Primary caregiver identification card. Production of the respective equivalent identification card or authorization issued by another state or political subdivision of another state shall also meet the requirements of this subdivision.

(2) No patient shall be denied access to or priority for an organ transplant because they hold a Qualifying Patient identification card or use marijuana for medical use.

(3) A physician shall not be subject to criminal or civil liability or sanctions under Missouri law or discipline by the Missouri State Board of Registration for the Healing Arts, or its successor agency, for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or issuing a physician certification to a patient diagnosed with a qualifying medical condition in a manner consistent with this section and legal standards of professional conduct.

(4) A health care provider shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or providing health care services that involve the medical use of marijuana consistent with this section and legal standards of professional conduct.

(5) A Medical Marijuana Testing Facility shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to the medical use of marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(6) A health care provider shall not be subject to mandatory reporting requirements for the medical use of marijuana by non-emancipated Qualifying Patients under eighteen years of age in a manner consistent with this section and with consent of a parent or guardian.

(7) A Primary caregiver shall not be subject to criminal or civil liability or sanctions under Missouri law for purchasing, transporting, or administering marijuana for medical use to a qualifying patient or participating in the patient cultivation of up to six flowering marijuana plants per patient in a manner consistent with this section and generally established legal standards of personal or professional conduct.

(8) An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to prospective or licensed Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana Dispensary Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, Qualifying Patients, Primary caregivers, physicians, health care providers or others related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(9) Actions and conduct by Qualifying Patients, Primary Caregivers, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities licensed or registered with the Department, or their employees or agents, as permitted by this section and in compliance with Department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

(10) Nothing in this section shall provide immunity for negligence, either common law or statutorily created, nor criminal immunities for operating a vehicle, aircraft, dangerous device, or navigating a boat under the influence of marijuana.

(11) It is the public policy of the state of Missouri that contracts related to marijuana for medical use that are entered into by Qualifying Patients, Primary Caregivers, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities and those who allow property to be used by those entities, should be enforceable. It is the public policy of the state of Missouri that no contract entered into by Qualifying Patients, Primary Caregivers, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to medical marijuana may be prohibited by federal law.

6. Legislation

Nothing in this section shall limit the General Assembly from enacting laws consistent with this section, or otherwise effectuating the patient rights of this section. The legislature shall not enact laws that hinder the right of Qualifying Patients to access marijuana for medical use as granted by this section.

7. Additional Provisions

(1) Nothing in this section permits a person to:

(a) Consume marijuana for medical use in a jail or correctional facility;

(b) Undertake any task under the influence of marijuana when doing so would constitute negligence orprofessional malpractice; or

(c) Operate, navigate, or be in actual physical control of any dangerous device or motor vehicle, aircraft or motorboat while under the influence of marijuana: or

(d) Bring a claim against any employer, former employer, or prospective employer for wrongful discharge, discrimination, or any similar cause of action or remedy, based on the employer, former employer, or prospective employer prohibiting the employee, former employee, or prospective employee from being under the influence of marijuana while at work or disciplining the employee or former employee, up to and including termination from employment, for working or attempting to work while under the influence of marijuana.

(2) No Medical Marijuana Cultivation Facility, Medical Marijuana Testing Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility, or entity with a transportation certification shall be owned, in whole or in part, or have as an officer, director, board member, manager, or employee, any individual with a disqualifying felony offense. A "disqualifying felony offense" is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the Department determines that:

(a) The person's conviction was for the medical use of marijuana or assisting in the medical use of marijuana; or

(b) The person's conviction was for a non-violent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses.

The Department may consult with and rely on the records, advice and recommendations of the Attorney General and the Department of Public Safety, or their successor entities, in applying this subdivision.

(3) All Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, and Medical Marijuana-Infused Products Manufacturing Facility licenses, entities with Medical Marijuana Testing Facility certifications, and entities with transportation certifications shall be held by entities that are majority owned by natural persons who have been citizens of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, entities outside the state of Missouri may own a minority stake in such entities.

(4) No Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility shall manufacture, package or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between a marijuana or marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional Department sanction, up to and including loss of license.

(5) All edible marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with dosage amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled, in a font size at least as large as the largest other font size used on the package, as containing "Marijuana," or a " Marijuana-Infused Product." Violation of this prohibition shall subject the violator to Department sanctions, including an administrative penalty.

(6) No individual shall serve as the Primary caregiver for more than three Qualifying Patients.

(7) No Qualifying Patient shall consume marijuana for medical use in a public place, unless provided by law. Violation of this prohibition shall subject the violator to sanctions as provided by general law.

(8) No person shall extract resins from marijuana using dangerous materials or combustible gases without a Medical Marijuana-Infused Products Manufacturing Facility license. Violation of this prohibition shall subject the violator to Department sanctions, including an administrative penalty and, if applicable, loss of their identification card, certificate, or license for up to one year.

(9) All Qualifying Patient cultivation shall take place in an enclosed, locked facility that is equipped with security devices that permit access only by the Qualifying Patient or by such patients Primary caregiver. Two Qualifying Patients, who both hold valid Qualifying Patient cultivation identification cards, may share one enclosed, locked facility. No more than twelve Qualifying Patient or Primary caregiver cultivated flowering marijuana plants may be cultivated in a single, enclosed locked facility, except when a Primary caregiver also holds a Qualifying Patient cultivation identification card, in which case no more than eighteen flowering marijuana plants may be cultivated in a single, enclosed, locked facility.

(10) No Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, Medical Marijuana-Infused Products Manufacturing Facility, Medical Marijuana Testing Facility, or entity with a transportation certification shall assign, sell, give, lease, sublicense, or otherwise transfer its license or certificate to any other entity without the express consent of the Department, not to be unreasonably withheld.

(11) Unless allowed by the local government, no new Medical Marijuana Cultivation Facility, Medical Marijuana Testing Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility shall be initially sited within one thousand feet of any then-existing elementary or secondary school, child day-care center, or church. No local government shall prohibit Medical Marijuana Cultivation Facilities, Medical Marijuana Testing Facilities, Medical Marijuana Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities, or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a Medical Marijuana Cultivation Facility, Medical Marijuana Testing Facility, Medical Marijuana-Infused Products Manufacturing Facility, Medical Marijuana Dispensary Facility, or entity holding a transportation certification that may operate in such locality.

(12) Unless superseded by federal law or an amendment to this Constitution, a physician shall not certify a qualifying condition for a patient by any means other than providing a physician certification for the patient, whether handwritten, electronic, or in another commonly used format. A Qualifying Patient must obtain a new physician certification at least annually.

(13) A physician shall not issue a certification for the medical use of marijuana for a non-emancipated Qualifying Patient under the age of eighteen without the written consent of the Qualifying Patient's parent or legal guardian. The Department shall not issue a Qualifying Patient identification card on behalf of a non-emancipated Qualifying Patient under the age of eighteen without the written consent of the Qualifying Patient's parent or legal guardian. Such card shall be issued to one of the parents or guardians and not directly to the patient. Only a parent or guardian may serve as a Primary caregiver for a non-emancipated Qualifying Patient under the age of eighteen. Only the Qualifying Patient's parent or guardian shall purchase or possess medical marijuana for a non-emancipated Qualifying Patient under the age of eighteen. A parent or guardian shall supervise the administration of medical marijuana to a non-emancipated Qualifying Patient under the age of eighteen

(14) Nothing in this section shall be construed as mandating health insurance coverage of medical marijuana for Qualifying Patient use.

(15) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for medical use or for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.

8. Severability

The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.

9. Effective Date

The provisions of this section shall become effective on December 6, 2018.]

This amendment also implicitly repeals, in part or in whole, and Amends various statutes and subsections including but not necessarily limited to RSMo 1.160, 43.200, 87.400, 87.505, 105.1105, 105.1108, 105.1112, 192.945, 192.947, 195.010, 195.017, 195.017, 195.140, 195.203, 195.207, 195.244, 195.740, 195.743, 195.746, 195.749, 195.752, 195.755, 195.756, 195.758, 195.764, 195.767, 195.770, 195.773, 196.070, 261.265, 263.250, 537.340, 545.030, 546.080, 546.260, 568.050, 577.024, 577.685, 579.015, 579.020, 579.030, 579.040, 579.055, 579.065, 579.068, 579.074, 579.076, 579.105.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article XVI (16) shall henceforth be called **Missouri Cannabis Restoration and Protection**, and it shall read as follows:

Controlled Substance List (CSL), Definition as a substance

1. Cannabis shall immediately be removed from the Missouri Revised Statutes list of controlled substances and shall no longer be listed among Missouri's drug schedules. Cannabis shall no longer be considered a controlled substance or a drug, hence forth by Missouri law, by the passage of this Act.

Definitions

2. Definition of terms, as used in this Act:
(a) "Controlled Substance List", or "CSL" refers to Missouri's list of controlled substances as pertains to Missouri Statutes.
(b) "Cannabis" and "Cannabis hemp" refer to the Cannabis, marihuana, marijuana, Cannabis sativa, Cannabis sativa L., Cannabis Americana, Cannabis Gigantea, Cannabis indica, Cannabis ruderalis, or any variety of Cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
(c) "Medical Cannabis" refers to Cannabis used to prevent or to treat a medical condition.
(d) "Personal use" refers to the personal use or consumption of Cannabis.
(e) "Cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing Cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing Cannabis into and/or onto the human body.
(f) "Establishment" refers to a Cannabis cultivation facility, a Cannabis testing facility, a Cannabis product manufacturing facility, or a retail store, Cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells Cannabis, Cannabis products and/or Cannabis accessories.

Personal and Commercial

3. The following acts are not unlawful and shall not be an offense under Missouri law:
(a) Possession of Cannabis for personal or medical use.
(b) Cultivating Cannabis for personal or medical use.
(c) Cultivation, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing Cannabis, Cannabis accessories, and Cannabis products for commercial purposes, provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivating, harvesting, processing, manufacturing, packaging, distribution, transferal, display or possession of any non-toxic food or food product.
(d) Providing Cannabis, Cannabis accessories, and Cannabis products for sale to consumers.
(e) Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this subsection.
(f) No one shall be denied housing solely based on their use of Cannabis.
(g) No one shall be denied employment solely based on their use of Cannabis.
(h) The use and/or possession of Cannabis shall in no way impede one's legal right to possess a firearm.

Medical

4. Medical Cannabis shall be available to patients without taxation who have a physician's recommendation for its use.
(a) All patients engaged in Cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means, whether or not under the care of a physician.
(b) Licensed physicians shall not be penalized for, nor restricted from recommending and/or providing Cannabis for medical purposes to any person under their care.
(c) Veterinarians shall not be penalized nor restricted from recommending and/or providing Cannabis for medical purposes for any creature under their care.
(d) Any individual who is a Cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri Cannabis patient.
(e) Medical care, including organ transplants, shall not be restricted in any way based on a person's use of Cannabis.

Zoning

5. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.

Law Enforcement and the Courts

6. Missouri's law enforcement and its courts shall protect Cannabis users and their property without discrimination, and with every bit the effort afforded to every citizen of Missouri and our nation.
(a) The use and/or possession of Cannabis shall not be grounds for issuing a "Driving under the influence" (DUI) stop, charge, arrest or fine(s) when operating or a passenger of a motor vehicle. Stops, charges, fines and arrests shall be the product of visible and/or previously proven non-Cannabis infractions of Missouri law.
(b) No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal Cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.
(c) Asset or Civil Forfeiture shall no longer be used in the state of Missouri through association with Cannabis, Cannabis cultivation, it's use and/or possession, in any way.
(d) Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, Cannabis-only offenses, which are no longer illegal in the State of Missouri under this Act, shall be immediately released.
(e) Within 60 days of the passage of this Act, a legal document shall be developed and made available to the public ordering the immediate destruction of all Cannabis-related non-violent civil and criminal records in Missouri and for any offense covered by this amendment which is no longer illegal in the State of Missouri under this Act. This document shall be distributed to all pertinent parties throughout the state.
(f) Within 60 days, Missouri's Courts shall order the immediate expungement of civil and criminal records pertaining to all non-violent Cannabis only offenses which are no longer illegal in the State of Missouri under this Act.

Regarding Federal Law

7. Pursuant to the Ninth and Tenth Amendments to the Constitution of the United States, the people of Missouri hereby repudiate and challenge federal Cannabis prohibitions that conflict with this Act.

Existing Local, State and Federal Law

8. All provisions of this section shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

Implementation

9. The dictates of this Initiative, unless otherwise indicated by this initiative, shall be implemented no later than **January 31st, 2021.**

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 18, 2019

RECEIVED
MAR 18 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Jackie Johnson regarding a proposed constitutional amendment (2020-050)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitutional filed by Jackie Johnson on March 18, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County_____

RECEIVED
2019 MAR 18 AM 8:55

Ballot Initiative

Honest Government Amendment: Be it enacted by the People of the State of Missouri:

No government employee within the State of Missouri (City, County, State, or Federal), by election, appointment, or application shall receive (Other than standard employment payment), payment, gratuities, donations, gifts for actions or inactions of their office by supporting or voting against legislation, awarding of government contracts, implementing, altering, enforcement, or repealing of regulations, or bringing pressure to bare on behalf of individuals. This is to include, but not limited to, campaign contributions, third party payments, hiring or paying family members, business investments, donations or gifts to foundations the employee has access or use of. This amendment shall only apply to employees that have the authority through their office to vote on pending government legislation, awarding government contracts, to implement, alter, or repeal regulations.

The Missouri Ethics Committee shall be required to investigate all complaints filed under this amendment will have full subpoena authority to investigate and enforce this amendment. The Missouri Ethics Committee's contact information, accompanied by a copy of this amendment shall be displayed in an easily visible location in all government buildings. The state shall station a minimum of one investigator in each state representative district. Failure to disclose all information (to included but not limited to, by withholding or destroying evidence) related to the Missouri Ethics Committee subpoena, and or investigation within 2 (two) weeks of the date of service of the subpoena, shall constitute a violation of this amendment, with all evidences presented to the Missouri States Attorney's office for criminal review. Challenges to the Ethic Committee's ruling shall be handled thru a jury trial only, in a civil court of law. Violation of this amendment, the employee's office shall be vacated and the violator's ability to hold government office, government employment, and a State issued license or certification within the State of Missouri shall be permanently revoked.

Be it resolved by the People of the State of Missouri that the Constitution be amended.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 18, 2019

RECEIVED
MAR 18 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed statutory amendment to Chapters 143 & 286 (2020-049)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Winston Apple on March 18, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

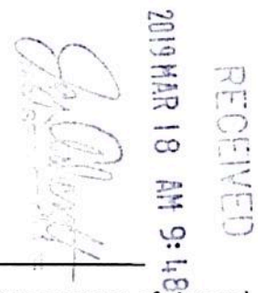
It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]



CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Street address of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20___

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it enacted by the people of the state of Missouri:

Two new sections of the Missouri Revised Statutes are hereby enacted, to be known as sections 286.131 and 143.012, to read as follows:

286.131. 1. A program to be known as "The Renewable Energy Project" is hereby created to be administered by the Missouri Department of Labor and Industrial Relations.
2. Funding for The Renewable Energy Project will be provided through revenues from a tax on long-term capital gains and qualified dividends, as provided for in Section 143.012. Additional funds may be solicited and accepted through grants from the federal government or other sources and from voluntary contributions.
3. The Missouri Department of Labor and Industrial Relations shall, within one (1) calendar year of the effective date of this section, promulgate rules necessary for the administration of this section, including methods for the expenditure of the funds collected pursuant to section 143.012 and other sources in a manner that increases the percentage of electricity generated by wind and solar sources within the state of Missouri as rapidly as possible.
4. Workers hired through this program may form or join a union to negotiate pay and benefits and may be employed directly by the state of Missouri or by privately-owned businesses through contracts with the state of Missouri.
5. The locations of any facilities leased or constructed as part of, or in support of, The Renewable Energy Project will be selected with an emphasis on creating jobs in economically-depressed areas of the state of Missouri.
6. Until such time as at least 90 percent of the electricity generated in Missouri is generated from clean, renewable sources, funds collected pursuant to this section and section 143.012 shall be used only for the purposes of employing workers, purchasing or leasing the resources and capital equipment, and leasing or constructing the facilities necessary, to increase the percentage of electricity generated by wind and solar sources and administer this program.
7. Once the state of Missouri is producing 90% or more of its electricity from clean, renewable sources, the funds generated by the tax on long-term capital gains and qualified dividends and from other sources may be used, as directed by appropriate legislation, for the construction and maintenance of state-owned highways and bridges or other infrastructure projects.
8. All subsections and all clauses of this Section, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

143.012. 1. Beginning with the 2021 calendar year, a tax on capital gains and qualified dividends will be imposed, with the funds collected dedicated to providing funding for The Renewable Energy Project. The amount of the tax will be the difference between the dollar amount of taxes paid to the federal government by each taxpayer on long-term capital gains and qualified dividends earned, and the dollar amount of the taxes that would have been paid had the capital gains or qualified dividends been taxed as marginal ordinary income, based on each taxpayer's federal tax bracket.
2. Any taxpayer whose total family income is less than 110 percent of the dollar amount of the poverty threshold, based on the poverty guidelines published by the Department of Health and Human Services, is exempt from this tax.
3. All subsections and all clauses of this Section, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-049)

Subject

Initiative petition from Winston Apple regarding a proposed amendment to Chapters 286 and 143 of the Revised Statutes of Missouri. (Received March 18, 2019)

Date

April 8, 2019

Description

This proposal would amend Chapters 286 and 143 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Missouri Public Service Commission,** and **Missouri Joint Municipal Electric Utility Commission.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated they report no fiscal impact for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated they have reviewed this initiative petition, which is a proposal to amend the Revised Statutes of Missouri to create "The Renewable Energy Project." The project focuses on employing individuals and increasing the use of renewable energy. Funding would come from a capital gains tax. This petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** (DOLIR) indicated unknown, greater than ($3,285,169) for fiscal year 2021; unknown, greater than ($3,040,392) for fiscal year 2022; unknown, greater than ($3,070,015) for fiscal year 2023. Of these costs, $835,733 are initial and one-time costs for equipment and a new computer system.

This proposal could affect Department of Revenue, Office of Administration, Department of Economic Development, or Public Service Commission.

Space is required for at least 50 full-time employees (FTE) X 200 square feet per FTE X $18.00 per square foot = $180,000.

It is possible that the proposal could affect small businesses in several ways, including imposition of the capital gains tax and the loss of projects to the state-funded agencies.

Fiscal Note	IP 20-049		ITSD - DOLIR		
Bill Number	0				
Will a new system be required?		X	Yes		No
Indicate fiscal year when fully implemented			FY 2021		

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2021	FY 2022	FY 2023
General Revenue			
Other	425,129	101,422	103,958
Federal Funds	-	-	-
Total	425,129	101,422	103,958

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) 286.131

New System	Rate	Hours	FY 2021 $	FY 2022 $	FY 2023 $
IT Consultants	111	3,237.84	359,400	73,677	75,520
Other Costs:					
Kofax Workstation License w/maint	2,732	1	2,277	2,800	2,870
25K Scan Volume License w/maint	3,640	1	3,033	3,731	3,824
PC, Flat Panel, Standard Software	880	1	880	-	-
Kofax VRS License w/maint	2,325	1	1,938	2,383	2,443
Canon Dr-X10C Scanner	17,072	1	17,072	-	-
3 YR On-site Warranty for Scanner	5,604	1	5,604	-	-
Content Manager ImagePlus Client	815	1	815	-	-
Database Server License w/maint	4,812	1	4,010	4,932	5,055
Web Server License/w maint	1,656	1	1,380	1,697	1,739
Report Server License/w maint	11,904	1	9,920	12,202	12,507
PMO	2,000	1	2,000	-	-
RFP Writing	16,800	1	16,800	-	-
Section Total Other Costs:			**65,729**	**27,745**	**28,438**
Section Total Expenditures:			**425,129**	**101,422**	**103,958**

Section Funding:				
	General Revenue			
	Federal			
	Other	**425,129**	**101,422**	**103,958**
	Total	**425,129**	**101,422**	**103,958**

A tax on capital gains of 10% would be imposed beginning with the 2021 calendar year. DOLIR defers to the Office of Administration (OA) regarding the estimate of revenue collected from this surtax.

Revenue Projection

DOLIR defers to the Office of Administration (OA) regarding the revenue estimate. For the purpose of this initiative petition, DOLIR, OA, and Department of Revenue are unable to estimate revenue that would be generated by this proposed legislation, since there isn't enough information provided or access to taxpayers' federal tax information.

Cost Estimates

Administrative Costs and Management of Projects
DOLIR estimates that at least $3,285,169 will be needed for The Renewable Energy Project agency. Salaries for agency staff are similar to wages in other state agencies. In addition, it is assumed the DOLIR will contract for the management of the construction/manufacturing projects. Project management fees are estimated to be 10% of the cost of wages and material.

Participant Wages and Benefits
Section 286.131.4.a. requires that participants in the Renewable Energy Project be paid a living wage, defined as 10% over Federal Poverty Level (FPL). The average household has three dependent children. Using the FPL for 2018, for a family of five to earn wages at 10% over FPL, the hourly pay required would be $15.56. Fringe benefits are calculated at the standard state rate. Since we are unable to estimate the revenue generated for this initiative petition, we are unable to estimate the number of participants, placement specialists, or placement supervisors. For every fifteen participants, we will need one placement specialist. For every ten placement specialists, we would need one placement supervisor.

Material Costs for Projects
In calculating the material costs, the DOLIR assumes a labor to material cost at a ratio of 3 to 1.

ITSD Estimates

ITSD - DOLIR						
Bill Number		FN #	IP 20-049			
Bill Section(s)	286.131					
Application Name:	New System			**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			111	300	33,300	-	-
Analysis			111	400	44,400	-	-
Design			111	300	33,300	-	-
Development			111	1,100	122,100	-	-
Test			111	698	77,478	-	-
Implementation			111	200	22,200	-	-
Project Management			111	239.84	26,622	-	-
On-going support		YES	111		-	73,677	75,520
Section Total IT Consultants:			**111**	**3,237.84**	**359,400**	**73,677**	**75,520**
Other Costs:			**Cost Per**	**Number**	**$**	**$**	**$**
Kofax Workstation License w/maint		Yes	2,732	1	2,277	2,800	2,870
25K Scan Volume License w/maint		Yes	3,640	1	3,033	3,731	3,824
PC, Flat Panel, Standard Software		No	880	1	880	-	-
Kofax VRS License w/maint		Yes	2,325	1	1,938	2,383	2,443
Canon Dr-X10C Scanner		No	17,072	1	17,072	-	-
3 YR On-site Warranty for Scanner		No	5,604	1	5,604	-	-
Content Manager ImagePlus Client		No	815	1	815	-	-
Database Server License w/maint		Yes	4,812	1	4,010	4932	5,055
Web Server License/w maint		Yes	1,656	1	1,380	1,697	1,739
Report Server License/w maint		Yes	11,904	1	9,920	12,202	12,507
PMO		No	2,000	1	2,000	-	-
RFP Writing		No	16,800	1	16,800	-	-
Section Total Other Costs:					**65,729**	**27,745**	**28,438**
Section Total Expenditures:					**425,129**	**101,422**	**103,958**
General Revenue					**425,129**	**101,422**	**103,958**
Federal					**-**	**-**	**-**
Other Workers Comp					**-**		
Section Funding:					**425,129**	**101,422**	**103,958**

Summary

Missouri currently has a 15% renewable energy mandate (see Sections 393.1020 to .1050). Hypothetically, they could gather the costs for this program and scale it up to what it would cost at the proposed 90% mandate. However, the programs are very different. Firstly, the current program allows for a wide variety of renewable resources to be used to hit the 15% mark. The proposed 90% mandate in the proposed legislation only allows for solar and wind power. Secondly, the Public Service Commission (PSC) and the Department of Economic Development (DED), administer the current program. The existing law is essentially a mandate on existing utility companies to expand their energy portfolio to include a percentage of renewable options, so most of the implementation costs originate from the large utility companies. The proposed program is a collection of tax revenues to fund a brand new program to be administered by DOLIR to meet the 90% goal.

Best estimates of wages, expenses, materials, and project management costs have been used where possible. Without a revenue estimate, we are only able to estimate the administrative staff salaries, fringe, and expense and equipment costs. Depending on the types and number of projects, the costs and number of participants will vary significantly. The scope of this statute revision is very broad and does not allow DOLIR to provide a complete cost estimate. Therefore, the fiscal impact and the long-range implications for this initiative petition is unknown.

Officials from the **Department of Public Safety-Director's Office** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Revenue** indicated they assume an "unknown positive fiscal impact" due to the lack of data their department receives from the IRS regarding capital gains.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they are unable to estimate a fiscal impact from this initiative petition.

Officials from the **Office of Administration** indicated this proposal would create the Renewable Energy Project, which shall be administered by the Department of Labor and Industrial Relations. Funding for the program would be provided through a tax on capital

gains and shall be used only for employing workers and purchasing or leasing resources in order to increase the percentage of electricity generated by wind and solar sources. Once 90% of energy produced in Missouri is from clean, renewable sources, funds generated may be used, upon appropriation, for the construction and maintenance of state-owned highways, bridges or other infrastructure projects.

Section 143.012 creates a new tax on capital gains, beginning with tax year 2021, to fund the Renewable Energy Project. The tax shall be the difference between the amount of federal taxes paid on capital gains and the amount of federal taxes that would have been paid if the capital gains had been taxed as ordinary income. The Division of Budget and Planning (B&P) notes that this proposal does not specify a fund in which to deposit revenue generated from the new tax. Therefore, for the purpose of this fiscal note, B&P assumes that revenue generated will be deposited into General Revenue.

B&P further notes that this provision will only impact long-term capital gains as short term capital gains are already taxed at the ordinary income tax rates. The following tables show the difference in federal tax rates between long-term capital gains[1] and ordinary income tax rates[2] for the 2019 tax year, based on filing status.

Taxpayers Filing Single

Long-Term Rate	Long-Term Income Threshold	Corresponding Ordinary Income Tax Rate	Corresponding Ordinary Income Threshold
0%	$0 - $39,375	10%	$0 - $9,700
		12%	$9,701 - $39,375
15%	$39,376 - $434,550	12%	$39,376 - $39,475
		22%	$39,476 - $84,200
		24%	$84,201 - $160,725
		32%	$160,726 - $204,100
		35%	$204,101 - $434,550
20%	> $434,551	35%	$434,551 - $510,300
		37%	> $510,301

[1] https://www.fool.com/retirement/2018/12/09/long-term-capital-gains-tax-rates-in-2019.aspx
[2] https://www.forbes.com/sites/jrose/2018/12/05/tax-brackets-and-rates-2019/#14c543cf3ec5

Taxpayers Filing Married-Joint

Long-Term Rate	Long-Term Income Threshold	Corresponding Ordinary Income Tax Rate	Corresponding Ordinary Income Threshold
0%	$0 - $78,750	10%	$0 - $19,400
		12%	$19,401 -78,750
15%	$78,751 - $488,850	12%	$78,751 - $78,950
		22%	$78,951 - $168,400
		24%	$168,401 - $321,450
		32%	$321,451 - $408,200
		35%	$408,201 - $488,850
20%	> $488,851+	35%	$488,851 - $612,350
		37%	> $612,351

Taxpayers Filing Married-Separate

Long-Term Rate	Long-Term Income Threshold	Corresponding Ordinary Income Tax Rate	Corresponding Ordinary Income Threshold
0%	$0 - $39,375	10%	$0 - $9,700
		12%	$9,701 - $39,375
15%	$39,376 - $244,425	12%	$39,376 - $39,475
		22%	$39,476 - $84,200
		24%	$84,201 - $160,725
		32%	$160,726 - $204,100
		35%	$204,101 - $244,425
20%	> $244,426	35%	$244,426 - $306,175
		37%	> $306,176

Taxpayers Filing Head of Household

Long-Term Rate	Long-Term Income Threshold	Corresponding Ordinary Income Tax Rate	Corresponding Ordinary Income Threshold
0%	$0 - $52,750	10%	$0 - $13,850
		12%	$13,851 - $52,750
15%	$52,751 - $461,700	12%	$52,751 - $52,850
		22%	$52,851 - $84,200
		24%	$84,201 - $160,700
		32%	$160,701 - $204,100
		35%	$204,101 - $461,700
20%	> $461,701	35%	$461,701 - $510,300
		37%	> $510,301

Section 143.012.2 exempts any taxpayer with a family income less than 110% of the federal poverty level from the tax created in Section 143.012. B&P notes that "family income" is not defined and no such term is currently used when calculating Missouri taxes. The following table shows the 110% income limits based on the 2019 Health and Human Services (HHS) poverty guidelines.[3]

Persons in Family	110% Poverty
1	$13,739
2	$18,601
3	$23,463
4	$28,325
5	$33,187
6	$38,049
7	$42,911
8	$47,773
> 8	# Additions x $4,862

B&P does not have access to taxpayers' federal tax rate information. Therefore, due to these data limitations, B&P is unable to estimate the potential revenue generated from this proposal.

This proposal should not impact their office.

[3] https://aspe.hhs.gov/poverty-guidelines

Officials from the **Office of State Courts Administrator** indicated there may be some impact on the courts but there is no way to quantify that currently.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year (FY) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office. Given the lack of fund creation language, the funds will go into General Revenue (GR) unless Office of Administration (OA) administratively creates a fund.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they see no direct fiscal impact of this petition on their school; however, if enacted, they can see a potential economic benefit to their depressed community.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact on their college.

Officials from **Missouri Public Service Commission** indicated they do not anticipate a fiscal impact for this initiative petition. However, they have compiled comments for the drafter's consideration.

Comments:

Section 286.131.3 states ". . . in a manner that increases the percentage of electricity generated by wind and solar sources. . ."

Section 286.131.6 states "Until such time as at least 90 percent of the electricity generated in Missouri is generated from clean, renewable sources. . . to increase the percentage of electricity generated by wind and solar sources."

Section 286.131.7 states "Once the state of Missouri is producing 90% of its electricity from clean, renewable sources. . . "

The Missouri Public Service Commission (MoPSC) suggests the drafter clarify whether "clean, renewable sources" as used in the initiative petition is limited only to wind and solar sources.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Metropolitan Community College, University of Missouri, St. Louis Community College,** and **Missouri Joint Municipal Electric Utility Commission.**

Fiscal Note Summary

State governmental entities estimate unknown annual revenue increases to fund the proposed program, one-time costs of approximately $800,000, and annual operating costs of at least $3 million. Local governmental entities expect no fiscal impact.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 7, 2019

RECEIVED
MAR 08 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed statutory amendment to Chapters 143 & 286 (2020-048)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Winston Apple on March 7, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 MAR -7 AM 9:56

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Street address of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20___

_____
Signature of Notary

_____
Address of Notary

Notary Public (Seal)

My commission expires: _____

Be it enacted by the people of the state of Missouri:

Two new sections of the Missouri Revised Statutes are hereby enacted, to be known as sections 286.131 and 143.012, to read as follows:

286.131. 1. A program to be known as "The Renewable Energy Project" is hereby created to be administered by the Missouri Department of Labor and Industrial Relations.
2. Funding for The Renewable Energy Project will be provided through revenues from a tax on long-term capital gains and qualified dividends, as provided for in Section 143.012.
3. The Missouri Department of Labor and Industrial Relations shall, within one (1) calendar year of the effective date of this section, promulgate rules necessary for the administration of this section, including a method for the expenditure of the funds collected pursuant to section 143.012 in a manner that increases the percentage of electricity generated by wind and solar sources within the state of Missouri as rapidly as possible, while creating as many jobs as possible. Workers hired through this program may form or join a union to negotiate pay and benefits. Facilities leased or constructed through this program will be located with an emphasis on creating jobs in economically-depressed areas of the state of Missouri.
4. Funds collected pursuant to this section and section 143.012 shall be used only for the purposes of employing workers and purchasing or leasing the necessary resources, capital equipment, and facilities necessary to increase the percentage of electricity generated by wind and solar sources until such time as at least 90 percent or more of the electricity generated in Missouri is generated from wind and solar sources.
5. Once the state of Missouri is producing 90% or more of its electricity from wind and solar sources, the funds generated by this tax on long-term capital gains and qualified dividends may be used, as directed by appropriate legislation, for the construction and maintenance of state-owned highways and bridges, or other infrastructure projects.
6. All subsections and all clauses of this Section, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

143.012. 1. Beginning with the 2021 calendar year, a tax on capital gains and qualified dividends will be imposed, with the funds collected dedicated to providing funding for The Renewable Energy Project. The amount of the tax will be the difference between the amount of taxes paid to the federal government by each taxpayer on long-term capital gains and qualified dividends earned, and the tax rate that would have been paid had the capital gains or qualified dividends been taxed as marginal ordinary income, based on each taxpayer's tax bracket.
2. Any taxpayer whose total family income is less than 110 percent of the dollar amount of the poverty threshold, based on the poverty guidelines published by the Department of Health and Human Services, is exempt from this tax.
3. All subsections and all clauses of this Section, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-048)

Subject

Initiative petition from Winston Apple regarding a proposed amendment to Chapters 286 and 143 of the Revised Statutes of Missouri. (Received March 8, 2019)

Date

March 28, 2019

Description

This proposal would amend Chapters 286 and 143 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Missouri Public Service Commission,** and **Missouri Joint Municipal Electric Utility Commission.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated after consulting with their divisions (Public Service Commission (PSC), Office of Public Counsel (OPC), Division of Energy, and Division of Workforce Development (DWD)), it is their opinion that there would be no impact if this initiative petition became law.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated they report no fiscal impact for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated they have reviewed the initiative petition, which is a proposal to amend the Revised Statutes of Missouri to create "The Renewable Energy Project." The project focuses on employing individuals and increasing the use of renewable energy. Funding would come from a capital gains tax. This petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** (DOLIR) indicated unknown, greater than ($3,285,169) for fiscal year 2021; unknown, greater than ($3,040,392) for fiscal year 2022; unknown, greater than ($3,070,015) for fiscal year 2023. Of these costs, $835,733 are initial and one-time costs for equipment and a new computer system.

This proposal could affect Department of Revenue, Office of Administration, Department of Economic Development, or Public Service Commission.

Space is required for at least 50 (full-time employees) FTE X 200 square feet per FTE X $18.00 per square foot = $180,000.

It is possible that the proposal could affect small businesses in several ways, including imposition of the capital gains tax and the loss of projects to the state-funded agencies.

Fiscal Note	IP 20-048		ITSD - DOLIR		
Bill Number	0				
Will a new system be required?		X Yes		_ No	
Indicate fiscal year when fully implemented			FY 2021		
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2021**	**FY 2022**	**FY 2023**
General Revenue					
Other			425,129	101,422	103,958
Federal Funds			-	-	-
Total			425,129	101,422	103,958
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	286.131				
			FY 2021	**FY 2022**	**FY 2023**
New System	**Rate**	**Hours**	**$**	**$**	**$**
IT Consultants	111	3,237.84	359,400	73,677	75,520
Other Costs:					
Kofax Workstation License w/maint	2,732	1	2,277	2,800	2,870
25K Scan Volume License w/maint	3,640	1	3,033	3,731	3,824
PC, Flat Panel, Standard Software	880	1	880	-	-
Kofax VRS License w/maint	2,325	1	1,938	2,383	2,443
Canon Dr-X10C Scanner	17,072	1	17,072	-	-
3 YR On-site Warranty for Scanner	5,604	1	5,604	-	-
Content Manager ImagePlus Client	815	1	815	-	-
Database Server License w/maint	4,812	1	4,010	4,932	5,055
Web Server License/w maint	1,656	1	1,380	1,697	1,739
Report Server License/w maint	11,904	1	9,920	12,202	12,507
PMO	2,000	1	2,000	-	-
RFP Writing	16,800	1	16,800	-	-
Section Total Other Costs:			**65,729**	**27,745**	**28,438**
Section Total Expenditures:			**425,129**	**101,422**	**103,958**
Section Funding:	**General Revenue**				
	Federal				
	Other		**425,129**	**101,422**	**103,958**
	Total		**425,129**	**101,422**	**103,958**

A tax on capital gains of 10% would be imposed beginning with the 2021 calendar year. DOLIR defers to the Office of Administration (OA) regarding the estimate of revenue collected from this surtax.

Revenue Projection

DOLIR defers to the Office of Administration (OA) regarding the revenue estimate. For the purpose of this initiative petition, DOLIR, OA, and Department of Revenue are unable to estimate revenue that would be generated by this proposed legislation, since there isn't enough information provided or access to taxpayers' federal tax information.

Cost Estimates

Administrative Costs and Management of Projects
DOLIR estimates that at least $3,285,169 will be needed for The Renewable Energy Project agency. Salaries for agency staff are similar to wages in other state agencies. In addition, it is assumed the DOLIR will contract for the management of the construction/manufacturing projects. Project management fees are estimated to be 10% of the cost of wages and material.

Participant Wages and Benefits
Section 286.131.4.a. requires that participants in the Renewable Energy Project be paid a living wage, defined as 10% over Federal Poverty Level (FPL). The average household has three dependent children. Using the FPL for 2018, for a family of five to earn wages at 10% over FPL, the hourly pay required would be $15.56. Fringe benefits are calculated at the standard state rate. Since we are unable to estimate the revenue generated for this initiative petition, we are unable to estimate the number of participants, placement specialists, or placement supervisors. For every fifteen participants, we will need one placement specialist. For every ten placement specialists, we would need one placement supervisor.

Material Costs for Projects
In calculating the material costs, the DOLIR assumes a labor to material cost at a ratio of 3 to 1.

ITSD Estimates

ITSD - DOLIR						
Bill Number		FN #	IP 20-048			
Bill Section(s)	286.131					
Application Name:	New System			**FY 2021**	**FY 2022**	**FY 2023**
IT Consultants	**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering		111	300	33,300	-	-
Analysis		111	400	44,400	-	-
Design		111	300	33,300	-	-
Development		111	1,100	122,100	-	-
Test		111	698	77,478	-	-
Implementation		111	200	22,200	-	-
Project Management		111	239.84	26,622	-	-
On-going support	YES	111		-	73,677	75,520
Section Total IT Consultants:		**111**	**3,237.84**	**359,400**	**73,677**	**75,520**
Other Costs:		**Cost Per**	**Number**	**$**	**$**	**$**
Kofax Workstation License w/maint	Yes	2,732	1	2,277	2,800	2,870
25K Scan Volume License w/maint	Yes	3,640	1	3,033	3,731	3,824
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Section Total Expenditures:				**425,129**	**101,422**	**103,958**
General Revenue				**425,129**	**101,422**	**103,958**
Federal				**-**	**-**	**-**
Other Workers Comp				**-**		
Section Funding:				**425,129**	**101,422**	**103,958**

Summary

Missouri currently has a 15% renewable energy mandate (see Sections 393.1020 to .1050). Hypothetically, they could gather the costs for this program and scale it up to what it would cost at the proposed 90% mandate. However, the programs are very different. Firstly, the current program allows for a wide variety of renewable resources to be used to hit the 15% mark. The proposed 90% mandate in the proposed legislation only allows for solar and wind power. Secondly, the Public Service Commission (PSC) and the Department of Economic Development (DED), administer the current program. The existing law is essentially a mandate on existing utility companies to expand their energy portfolio to include a percentage of renewable options, so most of the implementation costs originate from the large utility companies. The proposed program is a collection of tax revenues to fund a brand new program to be administered by DOLIR to meet the 90% goal.

Best estimates of wages, expenses, materials, and project management costs have been used where possible. Without a revenue estimate, we are only able to estimate the administrative staff salaries, fringe, and expense and equipment costs. Depending on the types and number of projects, the costs and number of participants will vary significantly. The scope of this statute revision is very broad and does not allow DOLIR to provide a complete cost estimate. Therefore, the fiscal impact and the long-range implications for this initiative petition is unknown.

Officials from the **Department of Public Safety-Director's Office** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Revenue** indicated there is no impact to their department regarding this initiative petition.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no impact.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition would have no fiscal impact on their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal would create the Renewable Energy Project, which shall be administered by the Department of Labor and Industrial Relations. Funding for the program would be provided through a tax on capital

gains and shall be used only for employing workers and purchasing or leasing resources in order to increase the percentage of electricity generated by wind and solar sources. Once 90% of energy produced in Missouri is from solar or wind sources, funds generated may be used, upon appropriation, for the construction and maintenance of state-owned highways, bridges or other infrastructure projects.

Section 143.012 creates a new tax on capital gains, beginning with tax year 2021, to fund the Renewable Energy Project. The tax shall be the difference between the amount of federal taxes paid on capital gains and the amount of federal taxes that would have been paid if the capital gains had been taxed as ordinary income. The Division of Budget and Planning (B&P) notes that this proposal does not specify a fund in which to deposit revenue generated from the new tax. Therefore, for the purpose of this fiscal note, B&P assumes that revenue generated will be deposited into General Revenue.

B&P further notes that this provision will only impact long-term capital gains as short term capital gains are already taxed at the ordinary income tax rates. The following tables show the difference in federal tax rates between long-term capital gains[1] and ordinary income tax rates[2] for the 2019 tax year, based on filing status.

Taxpayers Filing Single

Long-Term Rate	Long-Term Income Threshold	Corresponding Ordinary Income Tax Rate	Corresponding Ordinary Income Threshold
0%	$0 - $39,375	10%	$0 - $9,700
		12%	$9,701 - $39,375
15%	$39,376 - $434,550	12%	$39,376 - $39,475
		22%	$39,476 - $84,200
		24%	$84,201 - $160,725
		32%	$160,726 - $204,100
		35%	$204,101 - $434,550
20%	> $434,551	35%	$434,551 - $510,300
		37%	> $510,301

[1] https://www.fool.com/retirement/2018/12/09/long-term-capital-gains-tax-rates-in-2019.aspx
[2] https://www.forbes.com/sites/jrose/2018/12/05/tax-brackets-and-rates-2019/#14c543cf3ec5

Taxpayers Filing Married-Joint

Long-Term Rate	Long-Term Income Threshold	Corresponding Ordinary Income Tax Rate	Corresponding Ordinary Income Threshold
0%	$0 - $78,750	10%	$0 - $19,400
		12%	$19,401 -78,750
15%	$78,751 - $488,850	12%	$78,751 - $78,950
		22%	$78,951 - $168,400
		24%	$168,401 - $321,450
		32%	$321,451 - $408,200
		35%	$408,201 - $488,850
20%	> $488,851+	35%	$488,851 - $612,350
		37%	> $612,351

Taxpayers Filing Married-Separate

Long-Term Rate	Long-Term Income Threshold	Corresponding Ordinary Income Tax Rate	Corresponding Ordinary Income Threshold
0%	$0 - $39,375	10%	$0 - $9,700
		12%	$9,701 - $39,375
15%	$39,376 - $244,425	12%	$39,376 - $39,475
		22%	$39,476 - $84,200
		24%	$84,201 - $160,725
		32%	$160,726 - $204,100
		35%	$204,101 - $244,425
20%	> $244,426	35%	$244,426 - $306,175
		37%	> $306,176

Taxpayers Filing Head of Household

Long-Term Rate	Long-Term Income Threshold	Corresponding Ordinary Income Tax Rate	Corresponding Ordinary Income Threshold
0%	$0 - $52,750	10%	$0 - $13,850
		12%	$13,851 - $52,750
15%	$52,751 - $461,700	12%	$52,751 - $52,850
		22%	$52,851 - $84,200
		24%	$84,201 - $160,700
		32%	$160,701 - $204,100
		35%	$204,101 - $461,700
20%	> $461,701	35%	$461,701 - $510,300
		37%	> $510,301

Section 143.012.2 exempts any taxpayer with a family income less than 110% of the federal poverty level from the tax created in Section 143.012. B&P notes that "family income" is not defined and no such term is currently used when calculating Missouri taxes. The following table shows the 110% income limits based on the 2019 Health and Human Services (HHS) poverty guidelines.[3]

Persons in Family	110% Poverty
1	$13,739
2	$18,601
3	$23,463
4	$28,325
5	$33,187
6	$38,049
7	$42,911
8	$47,773
> 8	# Additions x $4,862

B&P does not have access to taxpayers' federal tax rate information. Therefore, due to these data limitations, B&P is unable to estimate the potential revenue generated from this proposal.

This proposal should not impact their office.

[3] https://aspe.hhs.gov/poverty-guidelines

Officials from the **Office of State Courts Administrator** indicated there may be some impact on the courts but there is no way to quantify that currently.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to their office for Administrative Rules is less than $5,000. Their office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY (fiscal year) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.
Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for the initiative petition due to the inability to do a real benefit/cost analysis not knowing who would fit the description as defined in the bill.

143.012. 1. Beginning with the 2021 calendar year, a tax on capital gains and qualified dividends will be imposed, with the funds collected dedicated to providing funding for The Renewable Energy Project. The amount of the tax will be the difference between the amount of taxes paid to the federal government by each taxpayer on long-term capital gains and qualified dividends earned, and the tax rate that would have been paid had the capital gains or qualified dividends been taxed as marginal ordinary income, based on each taxpayer's tax bracket.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they believe this petition, if successful, will have very little impact on their school.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **Missouri Public Service Commission** indicated there is no fiscal impact to their organization.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia**, the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Metropolitan Community College, University of Missouri, St. Louis Community College,** and **Missouri Joint Municipal Electric Utility Commission.**

Fiscal Note Summary

State governmental entities estimate unknown annual revenue increases to fund the proposed program, one-time costs of approximately $800,000, and annual operating costs of at least $3 million. Local governmental entities expect no fiscal impact.

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 MAR -5 AM 11:17

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
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15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20___

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it enacted by the people of the state of Missouri:

Two new sections of the Missouri Revised Statutes are hereby enacted, to be known as sections 286.131 and 143.012, to read as follows:

286.131. 1. A program to be known as "The Renewable Energy Project" is hereby created within the Missouri Department of Labor and Industrial Relations.
2. Funding for The Renewable Energy Project will be provided through revenues from a tax on long-term capital gains and qualified dividends, as provided for in Section 143.012.
3. The Missouri Department of Labor and Industrial Relations shall, within one (1) calendar year of the effective date of this section, promulgate rules necessary for the administration of this section, including a method for the expenditure of the funds collected pursuant to section 143.012 in a manner that maximizes the reduction of emissions of carbon dioxide in the process of providing electricity to residents, businesses, and government facilities within the state of Missouri, while promoting employment and economic development in economically-depressed areas of the state of Missouri.
4. Funds collected pursuant to this section and section 143.012 shall be used only for the purposes of improving energy efficiency in buildings, constructing and installing renewable energy resources as defined by section 386.890.2(6), modernizing public infrastructure to utilize energy from renewable energy resources, and planting trees on public lands.
5. Once the state of Missouri is producing 90% or more of its electricity from clean, renewable sources, the funds generated by this tax on long-term capital gains and qualified dividends may be used, as directed by appropriate legislation, for the construction and maintenance of state-owned highways and bridges.
6. All subsections and all clauses of this Section, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

143.012. 1. Beginning with the 2021 calendar year, a tax on capital gains and qualified dividends will be imposed, with the funds collected dedicated to providing funding for The Renewable Energy Project. The amount of the tax will be the difference, expressed as a percentage, of the rate paid to the federal government by each taxpayer on long-term capital gains and qualified dividends earned, and the tax rate that would have been paid for an equal amount of marginal ordinary income, based on each taxpayer's tax bracket.
2. Any taxpayer whose total family income is less than 110 percent of the dollar amount of the poverty threshold, based on the poverty guidelines published by the Department of Health and Human Services, is exempt from this tax.
3. All subsections and all clauses of this Section, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 22, 2019

RECEIVED
FEB 22 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article III, Version 2 (2020-046)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on February 22, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 FEB 22 AM 9:

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20___

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article III of the Constitution is revised by repealing Sections 10 and 14 and amending Sections 3, 5, 6, 7, 9, 11 and 20(d), to read as follows:

Article III Section 3. [(a) There is hereby established the post of "Nonpartisan State Demographer". The nonpartisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing legislative redistricting maps on the basis of each federal census for presentation to the house apportionment commission and the senatorial apportionment commission.]

[(b) The nonpartisan state demographer shall be selected through the following process. First, state residents may apply for selection to the state auditor using an application developed by the state auditor to determine an applicant's qualifications and expertise relevant to the position. Second, the state auditor shall deliver to the majority leader and minority leader of the senate a list of at least three applicants with sufficient expertise and qualifications, as determined by the state auditor, to perform the duties of the nonpartisan state demographer. Third, if the majority leader and minority leader of the senate together agree that a specific applicant should be selected to be the nonpartisan state demographer, that applicant shall be selected and the selection process shall cease. Fourth, if the majority leader and minority leader of the senate cannot together agree on an applicant, they may each remove a number of applicants on the state auditor's list equal to one-third of the total number of applicants on that list, rounded down to the next integer, and the state auditor shall then conduct a random lottery of the applicants remaining after removal to select the nonpartisan state demographer. The state auditor shall prescribe a time frame and deadlines for this application and selection process that both encourages numerous qualified applicants and avoids delay in selection. The nonpartisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the nonpartisan state demographer position, an individual shall not have served in a partisan, elected position for four years prior to the appointment. The nonpartisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent legislative redistricting map to the house apportionment commission or the senatorial apportionment commission.]

[(c)] The house of representatives shall consist of [one hundred sixty-three] <u>ten</u> members <u>from each congressional district</u> elected at each general election [and apportioned as provided in this section] <u>for a term of two years</u>.

[(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the nonpartisan state demographer shall begin the preparation of legislative districting plans and maps using the following methods, listed in order of priority:

a. Districts shall be established on the basis of total population. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census;

b. Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be designed in a manner that achieves both partisan fairness and, secondarily, competitiveness. **"Partisan fairness"** means that parties shall be able to translate their popular support into legislative representation with approximately equal efficiency. **"Competitiveness"** means that parties' legislative representation shall be substantially and similarly responsive to shifts in the electorate's preferences.

To this end, the nonpartisan state demographer shall calculate the average electoral performance of the two parties receiving the most votes in the three preceding elections for governor, for United States Senate, and for President of the United States. This index shall be defined as the total votes received by each party in the three preceding elections for governor, for United States Senate, and for President of the United States, divided by the total votes cast for both parties in these elections. Using this index, the nonpartisan state demographer shall calculate the total number of wasted votes for each party, summing across all of the districts in the plan. **"Wasted votes"** are votes cast for a losing candidate or for a winning candidate in excess of the fifty percent threshold needed for victory. In any plan of apportionment and map of the proposed districts submitted to the respective apportionment commission, the nonpartisan state demographer shall ensure the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

To promote competitiveness, the nonpartisan state demographer shall use the electoral performance index to simulate elections in which the hypothetical statewide vote shifts by one percent, two percent, three percent, four percent, and five percent in favor of each party. The vote in each individual district shall be assumed to shift by the same amount as the statewide vote. The nonpartisan state demographer shall ensure that, in each of these simulated elections, the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable;

c. Subject to the requirements of paragraphs a. and b. of this subdivision, districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous;

d. To the extent consistent with paragraphs a. to c. of this subdivision, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county;

e. Preference shall be that districts are compact in form, but the standards established by paragraphs a. to d. of this subdivision take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.]

[(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.]

[(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the nonpartisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the nonpartisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.]

Article III Section 5. The senate shall consist of thirty-four members elected by the qualified voters of the [senatorial districts] state of Missouri for a term of four years. [Senatorial districts shall be apportioned as provided for in Article III, Section 7.]

Article III Section 6. Each senator shall be thirty years of age, and next before the day of his election shall have been a qualified voter and a resident of the state for [three] two years [and a resident of the district which he is chosen to represent for one year, if such district shall have been so long established, and if not, then of the district or districts from which the same shall have been taken].

Article III Section 7. [(a) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the nonpartisan state demographer authorized in Article III, Section 3 shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the house of representatives.

(b) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, or within sixty days after a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(c) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the nonpartisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by this subsection, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the nonpartisan state demographer provided that such changes are consistent with this section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the house of representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.]

(a) An ordered list of candidates, ranked by number of votes received, from most to least, from each political party that is to appear on the ballot for both the senate and the house of representatives in each general election will be determined by means of a primary election, with each party electing a number of candidates up to, but not exceeding, the number of representatives to be elected from a congressional district, and senators to be elected state-wide. All qualified candidates who file for each party's nomination will appear on the primary ballot for that party. Registered voters will be allowed to vote in one, and only one, party's primary election, and will cast a single vote for a single candidate to be nominated from that party for each office to be elected in the general election to follow.

(b) A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the house in each congressional district by presenting petitions signed by one-half of one per cent of the legal voters in that congressional district. An independent candidate may qualify for a place on the ballot in a congressional district by presenting petitions signed by one-fifth of one percent of the legal voters in that congressional district. A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the senate by presenting petitions signed by one-half of one per cent of the legal voters in the state of Missouri. An independent candidate may qualify for a place on the ballot for the senate by presenting petitions signed by one-fifth of one percent of the legal voters in the state of Missouri. The number of "legal voters" is equal to, and determined by, the total vote for governor in the general election last preceding. Said petitions are to be delivered to the secretary of state no later than ninety days preceding the primary election.

(c) The signatures on petitions submitted by independent candidates and political parties shall be subject to verification according to the procedures in the code of state regulations for independent candidate petitions in force at the time the petitions are submitted.

(d) In each general election, each voter will cast a single vote for the election of representatives and a single vote for the election of senators, in each case voting for the ordered list of a political party, or for a single independent candidate appearing on the ballot, or for a single write-in vote for a candidate not appearing on the ballot, having properly registered with the secretary of state as a write-in candidate.

(e) To determine how many candidates in the house of representatives and the senate will be elected from each political party and which independent or write-in candidates will be elected (if any), the total number of valid votes cast for all parties and independent candidates will be divided by the number of seats to be elected to the house of representatives or to the senate. The resulting number will then be rounded to the nearest whole number. The total number of votes cast for each party or independent or write-in candidate will then be divided by that number and that number of candidates from each party is elected, with any remaining votes for each party above the number needed to elect that many candidates calculated as "surplus votes" for that party. Any independent candidate or valid write-in candidate receiving at least the number of votes needed for a seat is elected. The votes for any party or independent candidate falling short of the number needed to be elected are also treated as surplus votes.

(f) The number of candidates thus elected is calculated and subtracted from the total number of candidates to be elected. If additional candidates remain to be elected, the highest ordered remaining candidate from the party list or independent candidate with the highest number of surplus votes, is elected. The number of surplus votes required to be elected is then deducted from that party's or candidate's total votes and the process repeated until the requisite number of candidates has been elected.

(g) A political party or independent candidate having surplus votes, but not having enough surplus votes to win an additional seat, or a seat, may have those surplus votes transferred to another political party or independent candidate by notifying the Secretary of State in writing at least fourteen days before the date of the general election, specifying the political party or independent candidate that is to receive their surplus votes, under these conditions.

(h) In both primary and general elections, officials shall determine a random selection algorithm, prior to tabulation, to resolve ties between candidates. If a tie occurs at any point in the tabulation procedure and tabulation cannot proceed until the tie is resolved, then the random selection algorithm shall resolve the tie.

(i) If a senator or representative resigns, dies, or is removed from office for any reason during the subsequent legislative sessions, the seat shall be filled by the next candidate from her or his party's ordered list, or in the case of an independent candidate, the candidate who would have been elected had there been one more member elected using the prescribed method for tabulating votes.

Article III Section 9. Until the convening of the Seventy-fourth General Assembly the House of Representatives shall consist of one hundred sixty-three members elected from the one hundred sixty-three representative districts, as they existed January 1, 1965. Beginning with the election of representatives in the primary and general elections to be held in the year two thousand and twenty-two the House of Representatives shall consist of ten members elected from each congressional district. In the event that members of Congress from Missouri are elected at large, congressional district boundaries will still be drawn and used in the election of members of the Missouri House of Representatives.

[Article III Section 10. The last decennial census of the United States shall be used in apportioning representatives and determining the population of senatorial and representative districts. Such districts may be altered from time to time as public convenience may require.]

Article III Section 11. The first election of senators and representatives under this constitution, shall be held at the general election in the year one thousand nine hundred and forty-six when the whole number of representatives and the senators from the districts having even numbers, who shall compose the first class, shall be elected, and two years thereafter the whole number of representatives and the senators from districts having odd numbers, who shall compose the second class, shall be elected, and so on at each succeeding general election. Beginning with the primary and general elections to be held in the year two thousand and twenty-two senators will continue to be divided into two classes, with senators from each class, as the term of that class expires, to be elected at large on a state-wide basis.

[Article III Section 14. Writs of election to fill vacancies in either house of the general assembly shall be issued by the governor.]

Article III Section 20(d). If any provision of sections 2, 3, 5, 6, 7, 9, 11, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-046)

Subject

Initiative petition from Winston Apple regarding a proposed constitutional amendment to Article III. (Received February 22, 2019)

Date

March 14, 2019

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there would be no impact to their department as a result of this initiative petition.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated no fiscal impact for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated that this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated:

Start date of 1/1/23 or FY 23 with annualized savings of $6,974,989. Session starts in January so the first year would include a full session's worth of savings, but only half a year's savings for Member and LA (legislative assistant) salaries and member expense accounts.

Member salaries: 83 x $35,915 = $2,980,945
Member expense accounts: 83 x $8,400= $697,200
Member session per diem: 83 x $119.20 x 70 days = $692,552
Member session mileage: 83 x 267 x .37 x 19 weeks = $155,792
LA (Legislative Assistant) salary: 83 x $29,500 = $2,448,500

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition would not have a fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated:

This proposal amends Article III of the Missouri Constitution by repealing Sections 10 and 14 and amending Sections 3, 5, 6, 7, 9, 11 and 20(d).

The proposed amendment would:

- Amend Section 3 by:
  - Removing language relating to the establishment of the post of non-partisan state demographer;
  - Removing provisions concerning the number of State House members (163);
  - Requiring that the House of Representatives consist of ten members from each of the State's Congressional districts; and
  - Removing language creating the House and Senatorial Apportionment Commissions.
- Amend Section 5 by:
  - Removing the requirement for senatorial districts; and
  - Striking the language voters of the "districts" and adding voters of the "state."
- Amend Section 6 by adding the requirement that state senatorial candidates be a resident of the State and changing the minimum duration from three years to two.
- Amend Section 7 by:
  - Striking all of the language referring to the drawing of legislative districts; and

    - Adding language that changes the election process and process to fill vacancies for State Representatives and Senators.
- Amend Section 9 by adding language starting the new election process in the year 2022 and requiring ten House members be elected from each U.S. Congressional district.
- Repeal Section 10, which requires that Census data be used in redistricting and which allows that "districts may be altered from time to time as public convenience may require."
- Amend Section 11 by adding language making clear that the Senate will have two classes with staggered elections beginning in the year 2022.
- Repeal Section 14, which grants the Governor the authority to issue writs of election to fill vacancies in either house of the general assembly.
- Amend Section 20(d) by adding Sections 5, 6, 9 and 11 to the list of applicable sections of Article III.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there may be some impact on the courts but there is no way to quantify that currently.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated petition 2020-046 would change the composition of the General Assembly and cause representatives to be elected by congressional district and senators on a statewide basis. At each primary election, voters would see a list of all representative candidates in their congressional district and a list of all senate candidates from the state, with the ability to vote for one candidate from each list. This consolidation into congressional districts may incur the following costs:

Re-programming voting machines: Voting machines in Missouri are currently programmed to accept only single-page ballots – each of these machines would need to be reprogrammed to accept multiple-page ballots due to the potential for large numbers of candidates to file for each congressional district's seats (at both the primary and general elections).

Postage Costs: mailing envelopes used to return absentee ballots are printed with business reply permits – pursuant to RSMo 115.285. Local Election Authorities are reimbursed for these costs by the Missouri Secretary of State's Office at a current cost of $1.80 per envelope based on the current size and weight of the envelope and ballot; multiple-page ballots would increase these costs.

Ballot printing costs: Local Election Authorities bear the cost of printing ballots for each election – paying to print multiple page ballots would substantially increase printing costs.

Due to situational variables, it is not possible to determine a concrete amount of fiscal impact to this measure. However, the costs to the state and to local election authorities could be significant.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from the **City of Kansas City** indicated this amendment would have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they do not see this petition issue as having much fiscal impact on their school.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **Kansas City Board of Election Commissioners** indicated they are assuming the fiscal impact to the Kansas City Election Board would be the checking of petition signatures and placing this amendment on a jurisdiction wide ballot. If that is the case, they would estimate a range of $150,000 to $500,000, depending on what other entities participate in the election and their share of pro-rated costs.

Officials from **Platte County Board of Elections** indicated this initiative will have no fiscal impact on the Platte County Board of Elections.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia**, the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State government legislative operating costs are estimated to decrease by approximately $7 million annually. State and local governments could incur unknown additional election-related costs that could be significant.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 22, 2019

RECEIVED
FEB 22 2019
AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article III, Version 1 (2020-045)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on February 22, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 FEB 22 AM 10:

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20___

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article III of the Constitution is revised by repealing Sections 10 and 14 and amending Sections 3, 4, 5, 6, 7, 9, 11, and 20(d) to read as follows:

Article III Section 3. (a) There is hereby established the post of "Nonpartisan State Demographer". After each decennial census, or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction of the United States, it shall be the duty of the non-partisan state demographer to assist the governor in his or her duty to lay off the state into as many districts as shall be equal to the number of representatives to which this state shall then be entitled. The nonpartisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing [legislative] congressional redistricting maps on the basis of each federal census for presentation to the [house apportionment commission and the senatorial apportionment commission] governor for his or her approval. In the event the governor and the non-partisan state demographer do not concur with regard to how the districts should be laid off, the plans of both the governor and the non-partisan state demographer shall be subject to a referendum, with the voters of the state choosing between the plans.

(b) The nonpartisan state demographer shall be selected through the following process. First, state residents may apply for selection to the state auditor using an application developed by the state auditor to determine an applicant's qualifications and expertise relevant to the position. Second, the state auditor shall deliver to the majority leader and minority leader of the senate a list of at least three applicants with sufficient expertise and qualifications, as determined by the state auditor, to perform the duties of the nonpartisan state demographer. Third, if the majority leader and minority leader of the senate together agree that a specific applicant should be selected to be the nonpartisan state demographer, that applicant shall be selected and the selection process shall cease. Fourth, if the majority leader and minority leader of the senate cannot together agree on an applicant, they may each remove a number of applicants on the state auditor's list equal to one-third of the total number of applicants on that list, rounded down to the next integer, and the state auditor shall then conduct a random lottery of the applicants remaining after removal to select the nonpartisan state demographer. The state auditor shall prescribe a time frame and deadlines for this application and selection process that both encourages numerous qualified applicants and avoids delay in selection. The nonpartisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the nonpartisan state demographer position, an individual shall not have served in a partisan, elected position for four years prior to the appointment. The nonpartisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent [legislative] congressional redistricting map to the [house apportionment commission or the senatorial apportionment commission] governor.

[(c) The house of representatives shall consist of one hundred sixty-three members elected at each general election and apportioned as provided in this section.]

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the nonpartisan state demographer shall begin the preparation of [legislative] congressional districting plans and maps using the following methods, listed in order of priority:

a. Districts shall be established on the basis of total population. [Legislative] Congressional districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census;

b. Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be designed in a manner that achieves both partisan fairness and, secondarily, competitiveness. **"Partisan fairness"** means that parties shall be able to translate their popular support into legislative representation with approximately equal efficiency. **"Competitiveness"** means that parties' legislative representation shall be substantially and similarly responsive to shifts in the electorate's preferences.

To this end, the nonpartisan state demographer shall calculate the average electoral performance of the two parties receiving the most votes in the three preceding elections for governor, for United States Senate, and for President of the United States. This index shall be defined as the total votes received by each party in the three preceding elections for governor, for United States Senate, and for President of the United States, divided by the total votes cast for both parties in these elections. Using this index, the nonpartisan state demographer shall calculate the total number of wasted votes for each party, summing across all of the districts in the plan. **"Wasted votes"** are votes cast for a losing candidate or for a winning candidate in excess of the fifty percent threshold needed for victory. In any plan of apportionment and map of the proposed districts submitted to the respective apportionment commission, the nonpartisan state demographer shall ensure the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

To promote competitiveness, the nonpartisan state demographer shall use the electoral performance index to simulate elections in which the hypothetical statewide vote shifts by one percent, two percent, three percent, four percent, and five percent in favor of each party. The vote in each individual district shall be assumed to shift by the same amount as the statewide vote. The nonpartisan state demographer shall ensure that, in each of these simulated elections, the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable;

c. Subject to the requirements of paragraphs a. and b. of this subdivision, districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous;

d. To the extent consistent with paragraphs a. to c. of this subdivision, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county;

e. Preference shall be that districts are compact in form, but the standards established by paragraphs a. to d. of this subdivision take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.

[(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.]

[(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the nonpartisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the nonpartisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.]

Article III Section 4. <u>The house of representatives shall consist of ten members from each congressional district elected at each general election.</u> Each representative shall be twenty-four years of age, and next before the day of his election shall have been a qualified voter for two years and a resident of the county or district which he is chosen to represent for one year, if such county or district shall have been so long established, and if not, then of the county or district from which the same shall have been taken.

Article III Section 5. The senate shall consist of thirty-four members elected by the qualified voters of the [senatorial districts] <u>state of Missouri</u> for a term of four years. [Senatorial districts shall be apportioned as provided for in Article III, Section 7.]

Article III Section 6. Each senator shall be thirty years of age, and next before the day of his election shall have been a qualified voter <u>and a resident</u> of the state for [three] <u>two</u> years [and a resident of the district which he is chosen to represent for one year, if such district shall have been so long established, and if not, then of the district or districts from which the same shall have been taken].

Article III Section 7. [(a) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the nonpartisan state demographer authorized in Article III, Section 3 shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the house of representatives.]

[(b) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, or within sixty days after a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.]

[(c) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the nonpartisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by this subsection, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the nonpartisan state demographer provided that such changes are consistent with this section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the house of representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.]

(a) An ordered list of candidates, ranked by number of votes received, from most to least, from each political party that is to appear on the ballot for both the senate and the house of representatives in each general election will be determined by means of a primary election, with each party electing a number of candidates up to, but not exceeding, the number of representatives to be elected from a congressional district, and senators to be elected state-wide. All qualified candidates who file for each party's nomination will appear on the primary ballot for that party. Registered voters will be allowed to vote in one, and only one, party's primary election, and will cast a single vote for a single candidate to be nominated from that party for each office to be elected in the general election to follow.

(b) A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the house in each congressional district by presenting petitions signed by one-half of one per cent of the legal voters in that congressional district. An independent candidate may qualify for a place on the ballot in a congressional district by presenting petitions signed by one-fifth of one percent of the legal voters in that congressional district. A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the senate by presenting petitions signed by one-half of one per cent of the legal voters in the state of Missouri. An independent candidate may qualify for a place on the ballot for the senate by presenting petitions signed by one-fifth of one percent of the legal voters in the state of Missouri. The number of "legal voters" is equal to, and determined by, the total vote for governor in the general election last preceding. Said petitions are to be delivered to the secretary of state no later than ninety days preceding the primary election.

(c) The signatures on petitions submitted by independent candidates and political parties shall be subject to verification according to the procedures in the code of state regulations for independent candidate petitions in force at the time the petitions are submitted.

(d) In each general election, each voter will cast a single vote for the election of representatives and a single vote for the election of senators, in each case voting for the ordered list of a political party, or for a single independent candidate appearing on the ballot, or for a single write-in vote for a candidate not appearing on the ballot, having properly registered with the secretary of state as a write-in candidate.

(e) To determine how many candidates in the house of representatives and the senate will be elected from each political party and which independent or write-in candidates will be elected (if any), the total number of valid votes cast for all parties and independent candidates will be divided by the number of seats to be elected to the house of representatives or to the senate. The resulting number will then be rounded to the nearest whole number. The total number of votes cast for each party or independent or write-in candidate will then be divided by that number and that number of candidates from each party is elected, with any remaining votes for each party above the number needed to elect that many candidates calculated as "surplus votes" for that party. Any independent candidate or valid write-in candidate receiving at least the number of votes needed for a seat is elected. The votes for any party or independent candidate falling short of the number needed to be elected are also treated as surplus votes.

(f) The number of candidates thus elected is calculated and subtracted from the total number of candidates to be elected. If additional candidates remain to be elected, the highest ordered remaining candidate from the party list or independent candidate with the highest number of surplus votes, is elected. The number of surplus votes required to be elected is then deducted from that party's or candidate's total votes and the process repeated until the requisite number of candidates has been elected.

(g) A political party or independent candidate having surplus votes, but not having enough surplus votes to win an additional seat, or a seat, may have those surplus votes transferred to another political party or independent candidate by notifying the Secretary of State in writing at least fourteen days before the date of the general election, specifying the political party or independent candidate that is to receive their surplus votes, under these conditions.

(h) In both primary and general elections, officials shall determine a random selection algorithm, prior to tabulation, to resolve ties between candidates. If a tie occurs at any point in the tabulation procedure and tabulation cannot proceed until the tie is resolved, then the random selection algorithm shall resolve the tie.

(i) If a senator or representative resigns, dies, or is removed from office for any reason during the subsequent legislative sessions, the seat shall be filled by the next candidate from her or his party's ordered list, or in the case of an independent candidate, the candidate who would have been elected had there been one more member elected using the prescribed method for tabulating votes.

Article III Section 9. Until the convening of the Seventy-fourth General Assembly the House of Representatives shall consist of one hundred sixty-three members elected from the one hundred sixty-three representative districts, as they existed January 1, 1965. Beginning with the election of representatives in the primary and general elections to be held in the year two thousand and twenty-two the House of Representatives shall consist of ten members elected from each congressional district. In the event that members of Congress from Missouri are elected at large, congressional district boundaries will still be drawn and used in the election of members of the Missouri House of Representatives.

[Article III Section 10. The last decennial census of the United States shall be used in apportioning representatives and determining the population of senatorial and representative districts. Such districts may be altered from time to time as public convenience may require.]

Article III Section 11. The first election of senators and representatives under this constitution, shall be held at the general election in the year one thousand nine hundred and forty-six when the whole number of representatives and the senators from the districts having even numbers, who shall compose the first class, shall be elected, and two years thereafter the whole number of representatives and the senators from districts having odd numbers, who shall compose the second class, shall be elected, and so on at each succeeding general election. Beginning with the primary and general elections to be held in the year two thousand and twenty-two senators will continue to be divided into two classes, with senators from each class, as the term of that class expires, to be elected at large on a state-wide basis.

[Article III Section 14. Writs of election to fill vacancies in either house of the general assembly shall be issued by the governor.]

Article III Section 20(d). If any provision of sections 2, 3, 5, 6, 7, 9, 11, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
FEB 15 2019
STATE AUDITORS OFFICE

February 15, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article III, Version 2 (2020-044)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on February 15, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 FEB 15 AM 9 2

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20___

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article III of the Constitution is revised by repealing Sections 10 and 14 and amending Sections 3, 4, 5, 6, 7, 9, 11, and 20(d) to read as follows:

III Section 3. State demographer established and selected — [election of representatives —] [legislative] congressional districts established [— congressional district commission]. — (a) There is hereby established the post of "Nonpartisan State Demographer". After each decennial census, or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction of the United States, it shall be the duty of the non-partisan state demographer to assist the governor in his or her duty to lay off the state into as many districts as shall be equal to the number of representatives to which this state shall then be entitled. The nonpartisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing [legislative] congressional redistricting maps on the basis of each federal census for presentation to the [house apportionment commission and the senatorial apportionment commission] governor for his or her approval. In the event the governor and the non-partisan state demographer do not concur with regard to how the districts should be laid off, the plans of both the governor and the non-partisan state demographer shall be subject to a referendum, with the voters of the state choosing between the plans.

(b) The nonpartisan state demographer shall be selected through the following process. First, state residents may apply for selection to the state auditor using an application developed by the state auditor to determine an applicant's qualifications and expertise relevant to the position. Second, the state auditor shall deliver to the majority leader and minority leader of the senate a list of at least three applicants with sufficient expertise and qualifications, as determined by the state auditor, to perform the duties of the nonpartisan state demographer. Third, if the majority leader and minority leader of the senate together agree that a specific applicant should be selected to be the nonpartisan state demographer, that applicant shall be selected and the selection process shall cease. Fourth, if the majority leader and minority leader of the senate cannot together agree on an applicant, they may each remove a number of applicants on the state auditor's list equal to one-third of the total number of applicants on that list, rounded down to the next integer, and the state auditor shall then conduct a random lottery of the applicants remaining after removal to select the nonpartisan state demographer. The state auditor shall prescribe a time frame and deadlines for this application and selection process that both encourages numerous qualified applicants and avoids delay in selection. The nonpartisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the nonpartisan state demographer position, an individual shall not have served in a partisan, elected position for four years prior to the appointment. The nonpartisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent [legislative] congressional redistricting map to the [house apportionment commission or the senatorial apportionment commission] governor.

[(c) The house of representatives shall consist of one hundred sixty-three members elected at each general election and apportioned as provided in this section.]

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the nonpartisan state demographer shall begin the preparation of [legislative] congressional districting plans and maps using the following methods, listed in order of priority:

a. Districts shall be established on the basis of total population. [Legislative] Congressional districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census;

b. Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be designed in a manner that achieves both partisan fairness and, secondarily, competitiveness. **"Partisan fairness"** means that parties shall be able to translate their popular support into legislative representation with approximately equal efficiency. **"Competitiveness"** means that parties' legislative representation shall be substantially and similarly responsive to shifts in the electorate's preferences.

To this end, the nonpartisan state demographer shall calculate the average electoral performance of the two parties receiving the most votes in the three preceding elections for governor, for United States Senate, and for President of the United States. This index shall be defined as the total votes received by each party in the three preceding elections for governor, for United States Senate, and for President of the United States, divided by the total votes cast for both parties in these elections. Using this index, the nonpartisan state demographer shall calculate the total number of wasted votes for each party, summing across all of the districts in the plan. **"Wasted votes"** are votes cast for a losing candidate or for a winning candidate in excess of the fifty percent threshold needed for victory. In any plan of apportionment and map of the proposed districts submitted to the respective apportionment commission, the nonpartisan state demographer shall ensure the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

To promote competitiveness, the nonpartisan state demographer shall use the electoral performance index to simulate elections in which the hypothetical statewide vote shifts by one percent, two percent, three percent, four percent, and five percent in favor of each party. The vote in each individual district shall be assumed to shift by the same amount as the statewide vote. The nonpartisan state demographer shall ensure that, in each of these simulated elections, the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable;

c. Subject to the requirements of paragraphs a. and b. of this subdivision, districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous;

d. To the extent consistent with paragraphs a. to c. of this subdivision, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county;

e. Preference shall be that districts are compact in form, but the standards established by paragraphs a. to d. of this subdivision take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.

[(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.]

[(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the nonpartisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the nonpartisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.]

III Section 4. Qualifications of representatives – election of representatives. — The house of representatives shall consist of ten members from each congressional district elected at each general election. Each representative shall be twenty-four years of age, and next before the day of his election shall have been a qualified voter for two years and a resident of the county or district which he is chosen to represent for one year, if such county or district shall have been so long established, and if not, then of the county or district from which the same shall have been taken.

III Section 5. Senators — number [— senatorial districts]. — The senate shall consist of thirty-four members elected by the qualified voters of the [senatorial districts] state of Missouri for a term of four years. [Senatorial districts shall be apportioned as provided for in Article III, Section 7.]

III Section 6. Qualifications of senators. — Each senator shall be thirty years of age, and next before the day of his election shall have been a qualified voter and a resident of the state for [three] two years [and a resident of the district which he is chosen to represent for one year, if such district shall have been so long established, and if not, then of the district or districts from which the same shall have been taken].

III Section 7. [Senatorial districts established — senatorial apportionment commission] Qualifying for the ballot – apportionment of representatives and senators – filling vacancies. — [(a) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the nonpartisan state demographer authorized in Article III, Section 3 shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the house of representatives.]

[(b) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, or within sixty days after a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.]

[(c) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the nonpartisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by this subsection, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the nonpartisan state demographer provided that such changes are consistent with this section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the house of representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.]

(a) An ordered list of candidates, ranked by number of votes received, from most to least, from each political party that is to appear on the ballot for both the senate and the house of representatives in each general election will be determined by means of a primary election, with each party electing a number of candidates up to, but not exceeding, the number of representatives to be elected from a congressional district, and senators to be elected state-wide. All qualified candidates who file for each party's nomination will appear on the primary ballot for that party. Registered voters will be allowed to vote in one, and only one, party's primary election, and will cast a single vote for a single candidate to be nominated from that party for each office to be elected in the general election to follow.

(b) A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the house in each congressional district by presenting petitions signed by one-half of one per cent of the legal voters in that congressional district. An independent candidate may qualify for a place on the ballot in a congressional district by presenting petitions signed by one-fifth of one percent of the legal voters in that congressional district. A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the senate by presenting petitions signed by one-half of one per cent of the legal voters in the state of Missouri. An independent candidate may qualify for a place on the ballot for the senate by presenting petitions signed by one-fifth of one percent of the legal voters in the state of Missouri. The number of "legal voters" is equal to, and determined by, the total vote for governor in the general election last preceding. Said petitions are to be delivered to the secretary of state no later than ninety days preceding the primary election.

(c) The signatures on petitions submitted by independent candidates and political parties shall be subject to verification according to the procedures in the code of state regulations for independent candidate petitions in force at the time the petitions are submitted.

(d) In each general election, each voter will cast a single vote for the election of representatives and a single vote for the election of senators, in each case voting for the ordered list of a political party, or for a single independent candidate appearing on the ballot, or for a single write-in vote for a candidate not appearing on the ballot, having properly registered with the secretary of state as a write-in candidate.

(e) To determine how many candidates in the house of representatives and the senate will be elected from each political party and which independent or write-in candidates will be elected (if any), the total number of valid votes cast for all parties and independent candidates will be divided by the number of seats to be elected to the house of representatives or to the senate. The resulting number will then be rounded to the nearest whole number. The total number of votes cast for each party or independent or write-in candidate will then be divided by that number and that number of candidates from each party is elected, with any remaining votes for each party above the number needed to elect that many candidates calculated as "surplus votes" for that party. Any independent candidate or valid write-in candidate receiving at least the number of votes needed for a seat is elected. The votes for any party or independent candidate falling short of the number needed to be elected are also treated as surplus votes.

(f) The number of candidates thus elected is calculated and subtracted from the total number of candidates to be elected. If additional candidates remain to be elected, the highest ordered remaining candidate from the party list or independent candidate with the highest number of surplus votes, is elected. The number of surplus votes required to be elected is then deducted from that party's or candidate's total votes and the process repeated until the requisite number of candidates has been elected.

(g) A political party or independent candidate having surplus votes, but not having enough surplus votes to win an additional seat, or a seat, may have those surplus votes transferred to another political party or independent candidate by notifying the Secretary of State in writing at least fourteen days before the date of the general election, specifying the political party or independent candidate that is to receive their surplus votes, under these conditions.

(h) In both primary and general elections, officials shall determine a random selection algorithm, prior to tabulation, to resolve ties between candidates. If a tie occurs at any point in the tabulation procedure and tabulation cannot proceed until the tie is resolved, then the random selection algorithm shall resolve the tie.

(i) If a senator or representative resigns, dies, or is removed from office for any reason during the subsequent legislative sessions, the seat shall be filled by the next candidate from her or his party's ordered list, or in the case of an independent candidate, the candidate who would have been elected had there been one more member elected using the prescribed method for tabulating votes.

III Section 9. Apportionment of representatives. — Until the convening of the Seventy-fourth General Assembly the House of Representatives shall consist of one hundred sixty-three members elected from the one hundred sixty-three representative districts, as they existed January 1, 1965. Beginning with the election of representatives in the primary and general elections to be held in the year two thousand and twenty-two the House of Representatives shall consist of ten members elected from each congressional district. In the event that members of Congress from Missouri are elected at large, congressional district boundaries will still be drawn and used in the election of members of the Missouri House of Representatives.

[III Section 10. Basis of apportionment — alteration of districts. — The last decennial census of the United States shall be used in apportioning representatives and determining the population of senatorial and representative districts. Such districts may be altered from time to time as public convenience may require.]

III Section 11. Time of election of senators and representatives. — The first election of senators and representatives under this constitution, shall be held at the general election in the year one thousand nine hundred and forty-six when the whole number of representatives and the senators from the districts having even numbers, who shall compose the first class, shall be elected, and two years thereafter the whole number of representatives and the senators from districts having odd numbers, who shall compose the second class, shall be elected, and so on at each succeeding general election. Beginning with the primary and general elections to be held in the year two thousand and twenty-two senators will continue to be divided into two classes, with senators from each class, as the term of that class expires, to be elected at large on a state-wide basis.

[III Section 14. Writs of election to fill vacancies. — Writs of election to fill vacancies in either house of the general assembly shall be issued by the governor.]

III Section 20(d). Severability provision. — If any provision of sections 2, 3, 5, 6, 7, 9, 11, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
FEB 15 2019
STATE AUDITORS OFFICE

February 15, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article III, Version 1 (2020-043)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on February 15, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 FEB 15 AM 9:26

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Street address of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20___

_____
Signature of Notary

_____
Address of Notary

Notary Public (Seal)

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article III of the Constitution is revised by repealing Sections 10 and 14 and amending Sections 3, 5, 6, 7, 9, 11 and 20(d), to read as follows:

III Section 3. [State demographer established and selected — e] Election of representatives [— legislative districts established — congressional district commission]. — [(a) There is hereby established the post of "Nonpartisan State Demographer". The nonpartisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing legislative redistricting maps on the basis of each federal census for presentation to the house apportionment commission and the senatorial apportionment commission.]

[(b) The nonpartisan state demographer shall be selected through the following process. First, state residents may apply for selection to the state auditor using an application developed by the state auditor to determine an applicant's qualifications and expertise relevant to the position. Second, the state auditor shall deliver to the majority leader and minority leader of the senate a list of at least three applicants with sufficient expertise and qualifications, as determined by the state auditor, to perform the duties of the nonpartisan state demographer. Third, if the majority leader and minority leader of the senate together agree that a specific applicant should be selected to be the nonpartisan state demographer, that applicant shall be selected and the selection process shall cease. Fourth, if the majority leader and minority leader of the senate cannot together agree on an applicant, they may each remove a number of applicants on the state auditor's list equal to one-third of the total number of applicants on that list, rounded down to the next integer, and the state auditor shall then conduct a random lottery of the applicants remaining after removal to select the nonpartisan state demographer. The state auditor shall prescribe a time frame and deadlines for this application and selection process that both encourages numerous qualified applicants and avoids delay in selection. The nonpartisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the nonpartisan state demographer position, an individual shall not have served in a partisan, elected position for four years prior to the appointment. The nonpartisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent legislative redistricting map to the house apportionment commission or the senatorial apportionment commission.]

[(c)] The house of representatives shall consist of [one hundred sixty-three] ten members from each congressional district elected at each general election [and apportioned as provided in this section] for a term of two years.

[(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the nonpartisan state demographer shall begin the preparation of legislative districting plans and maps using the following methods, listed in order of priority:

a. Districts shall be established on the basis of total population. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census;

b. Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be designed in a manner that achieves both partisan fairness and, secondarily, competitiveness. **"Partisan fairness"** means that parties shall be able to translate their popular support into legislative representation with approximately equal efficiency. **"Competitiveness"** means that parties' legislative representation shall be substantially and similarly responsive to shifts in the electorate's preferences.

To this end, the nonpartisan state demographer shall calculate the average electoral performance of the two parties receiving the most votes in the three preceding elections for governor, for United States Senate, and for President of the United States. This index shall be defined as the total votes received by each party in the three preceding elections for governor, for United States Senate, and for President of the United States, divided by the total votes cast for both parties in these elections. Using this index, the nonpartisan state demographer shall calculate the total number of wasted votes for each party, summing across all of the districts in the plan. **"Wasted votes"** are votes cast for a losing candidate or for a winning candidate in excess of the fifty percent threshold needed for victory. In any plan of apportionment and map of the proposed districts submitted to the respective apportionment commission, the nonpartisan state demographer shall ensure the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

To promote competitiveness, the nonpartisan state demographer shall use the electoral performance index to simulate elections in which the hypothetical statewide vote shifts by one percent, two percent, three percent, four percent, and five percent in favor of each party. The vote in each individual district shall be assumed to shift by the same amount as the statewide vote. The nonpartisan state demographer shall ensure that, in each of these simulated elections, the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable;

c. Subject to the requirements of paragraphs a. and b. of this subdivision, districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous;

d. To the extent consistent with paragraphs a. to c. of this subdivision, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county;

e. Preference shall be that districts are compact in form, but the standards established by paragraphs a. to d. of this subdivision take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.]

[(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.]

[(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the nonpartisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the nonpartisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.]

III Section 5. Senators — number [— senatorial districts]. — The senate shall consist of thirty-four members elected by the qualified voters of the [senatorial districts] state of Missouri for a term of four years. [Senatorial districts shall be apportioned as provided for in Article III, Section 7.]

III Section 6. Qualifications of senators. — Each senator shall be thirty years of age, and next before the day of his election shall have been a qualified voter and a resident of the state for [three] two years [and a resident of the district which he is chosen to represent for one year, if such district shall have been so long established, and if not, then of the district or districts from which the same shall have been taken].

III Section 7. [Senatorial districts established — senatorial apportionment commission] Qualifying for the ballot – apportionment of representatives and senators – filling vacancies. — [(a) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the nonpartisan state demographer authorized in Article III, Section 3 shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the house of representatives.

(b) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, or within sixty days after a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(c) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the nonpartisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by this subsection, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the nonpartisan state demographer provided that such changes are consistent with this section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the house of representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.]

(a) An ordered list of candidates, ranked by number of votes received, from most to least, from each political party that is to appear on the ballot for both the senate and the house of representatives in each general election will be determined by means of a primary election, with each party electing a number of candidates up to, but not exceeding, the number of representatives to be elected from a congressional district, and senators to be elected state-wide. All qualified candidates who file for each party's nomination will appear on the primary ballot for that party. Registered voters will be allowed to vote in one, and only one, party's primary election, and will cast a single vote for a single candidate to be nominated from that party for each office to be elected in the general election to follow.

(b) A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the house in each congressional district by presenting petitions signed by one-half of one per cent of the legal voters in that congressional district. An independent candidate may qualify for a place on the ballot in a congressional district by presenting petitions signed by one-fifth of one percent of the legal voters in that congressional district. A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the senate by presenting petitions signed by one-half of one per cent of the legal voters in the state of Missouri. An independent candidate may qualify for a place on the ballot for the senate by presenting petitions signed by one-fifth of one percent of the legal voters in the state of Missouri. The number of "legal voters" is equal to, and determined by, the total vote for governor in the general election last preceding. Said petitions are to be delivered to the secretary of state no later than ninety days preceding the primary election.

(c) The signatures on petitions submitted by independent candidates and political parties shall be subject to verification according to the procedures in the code of state regulations for independent candidate petitions in force at the time the petitions are submitted.

(d) In each general election, each voter will cast a single vote for the election of representatives and a single vote for the election of senators, in each case voting for the ordered list of a political party, or for a single independent candidate appearing on the ballot, or for a single write-in vote for a candidate not appearing on the ballot, having properly registered with the secretary of state as a write-in candidate.

(e) To determine how many candidates in the house of representatives and the senate will be elected from each political party and which independent or write-in candidates will be elected (if any), the total number of valid votes cast for all parties and independent candidates will be divided by the number of seats to be elected to the house of representatives or to the senate. The resulting number will then be rounded to the nearest whole number. The total number of votes cast for each party or independent or write-in candidate will then be divided by that number and that number of candidates from each party is elected, with any remaining votes for each party above the number needed to elect that many candidates calculated as "surplus votes" for that party. Any independent candidate or valid write-in candidate receiving at least the number of votes needed for a seat is elected. The votes for any party or independent candidate falling short of the number needed to be elected are also treated as surplus votes.

(f) The number of candidates thus elected is calculated and subtracted from the total number of candidates to be elected. If additional candidates remain to be elected, the highest ordered remaining candidate from the party list or independent candidate with the highest number of surplus votes, is elected. The number of surplus votes required to be elected is then deducted from that party's or candidate's total votes and the process repeated until the requisite number of candidates has been elected.

(g) A political party or independent candidate having surplus votes, but not having enough surplus votes to win an additional seat, or a seat, may have those surplus votes transferred to another political party or independent candidate by notifying the Secretary of State in writing at least fourteen days before the date of the general election, specifying the political party or independent candidate that is to receive their surplus votes, under these conditions.

(h) In both primary and general elections, officials shall determine a random selection algorithm, prior to tabulation, to resolve ties between candidates. If a tie occurs at any point in the tabulation procedure and tabulation cannot proceed until the tie is resolved, then the random selection algorithm shall resolve the tie.

(i) If a senator or representative resigns, dies, or is removed from office for any reason during the subsequent legislative sessions, the seat shall be filled by the next candidate from her or his party's ordered list, or in the case of an independent candidate, the candidate who would have been elected had there been one more member elected using the prescribed method for tabulating votes.

III Section 9. Apportionment of representatives. — Until the convening of the Seventy-fourth General Assembly the House of Representatives shall consist of one hundred sixty-three members elected from the one hundred sixty-three representative districts, as they existed January 1, 1965. Beginning with the election of representatives in the primary and general elections to be held in the year two thousand and twenty-two the House of Representatives shall consist of ten members elected from each congressional district. In the event that members of Congress from Missouri are elected at large, congressional district boundaries will still be drawn and used in the election of members of the Missouri House of Representatives.

[III Section 10. Basis of apportionment — alteration of districts. — The last decennial census of the United States shall be used in apportioning representatives and determining the population of senatorial and representative districts. Such districts may be altered from time to time as public convenience may require.]

III Section 11. Time of election of senators and representatives. — The first election of senators and representatives under this constitution, shall be held at the general election in the year one thousand nine hundred and forty-six when the whole number of representatives and the senators from the districts having even numbers, who shall compose the first class, shall be elected, and two years thereafter the whole number of representatives and the senators from districts having odd numbers, who shall compose the second class, shall be elected, and so on at each succeeding general election. Beginning with the primary and general elections to be held in the year two thousand and twenty-two senators will continue to be divided into two classes, with senators from each class, as the term of that class expires, to be elected at large on a state-wide basis.

[III Section 14. Writs of election to fill vacancies. — Writs of election to fill vacancies in either house of the general assembly shall be issued by the governor.]

III Section 20(d). Severability provision. — If any provision of sections 2, 3, 5, 6, 7, 9, 11, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 13, 2019

RECEIVED
FEB 13 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Christopher Pieper regarding a proposed constitutional amendment to Article VI (2020-042)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Christopher Pieper on February 11, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the State of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the State of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 FEB 11 PM 4:04

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I,_____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer:

_____ (Name of payer)

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____ day of ____ A.D. 20_____.
Notary Public (Seal)

_____ Signature of Notary

My commission expires _____.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article VI of the Constitution is revised by repealing Sections 30(a), 30(b), 31, 32(a), 32(b), 32(c), and 33 and adopting one new section to be known as Article VI, Section 30 to read as follows:

1. Definitions.

(1) When used in this section, the following terms shall have the following meanings:

(a) "Effective date of this section" shall mean January 1, 2021, which shall be the effective date of the enactment of section 30 of this article and the repeal of sections 30(a), 30(b), 31, 32(a), 32(b), 32(c), and 33 of this article.

(b) "Financing obligation" means any bond, note, capital lease, or similar obligation of the metropolitan city, a municipality, a municipal district, or the St. Louis Municipal Corporation, as applicable, including any such obligations issued on behalf of any such entity and any such obligations issued to refinance or refund any such obligation.

(c) "General district service" shall mean any duty, service, or function of the metropolitan city, a county, or a city, now or in the future assigned by law, charter, or ordinance of the metropolitan city, including, without limitation: public health, safety, and general welfare; police, law enforcement, and municipal court; the licensing, taxing, and regulation of businesses, occupations, professions, activities, and things; transportation, infrastructure, and public works; and economic development.

(d) "Mayor" shall mean the mayor of the metropolitan city.

(e) "Metropolitan city" shall mean The Metropolitan City of St. Louis.

(f) "Municipal district" shall mean a municipal district of the metropolitan city, comprising the territory within the municipality immediately prior to the effective date of this section.

(g) "Municipal district service" shall mean any duty, service, or function of the municipality immediately prior to the effective date of this section or in the future assigned to the municipal district by law, charter, or ordinance of the metropolitan city, and which is not otherwise a general district service provided or secured by the metropolitan city within the territory of the municipal district, including, without limitation: fire protection, emergency medical, and related services; parks and recreation; proprietary and enterprise functions; facilities; and administration of the municipal district.

(h) "Municipality" shall mean any incorporated city, town, or village located wholly within the territory of the city of St. Louis or the county of St. Louis as of January 1, 2019, including the city of St. Louis.

(i) "Special district" shall mean, excluding school districts and fire protection districts, any political subdivision, municipal corporation, body corporate and politic, authority, metropolitan district, taxing district, taxing subdistrict, public corporation, or quasi-public corporation created pursuant to this constitution, law, charter, ordinance, or resolution, other than the county of St. Louis or a municipality, located wholly or partially within the territory in the city of St. Louis or the county of St. Louis immediately prior to the effective date of this section.

(j) "This section" shall mean this article VI, section 30.

(k) "Transition mayor" shall mean the transition mayor of the metropolitan city.

(l) "Transition period" shall mean the period between the effective date of this section and January 1, 2023.

2. Metropolitan City.

(1)(a) Upon the effective date of this section, the territory of the county of St. Louis is extended to embrace the territory heretofore in the city of St. Louis and the county of St. Louis, and the county of St. Louis so expanded shall continue its corporate existence as a new political subdivision, body corporate and politic, and municipal corporation, which is hereby created, with its name "The Metropolitan City of St. Louis" and its seat of government within the territory heretofore in the city of St. Louis.

(b) All rights, duties, personnel, property, contracts, records, assets, liabilities, and obligations of any kind of the county of St. Louis, including, without limitation, the payment of principal and interest on financing obligations, and any obligations related to employee benefits, including, without limitation, pension, retirement, disability, death, medical, life insurance, and similar benefits for employees, eligible dependents, and beneficiaries, shall continue without impairment with the metropolitan city by operation of this section.

(2) The metropolitan city shall be a metropolitan city form of government, which is hereby created, and which shall possess all the powers and privileges of both a constitutional charter county and a constitutional charter city, including any city not within a county. The powers and privileges of the metropolitan city shall include, without limitation, all powers and privileges of the county of St. Louis and of any municipality immediately prior to the effective date of this section, and all powers and privileges now or in the future granted to the metropolitan city, to a county, or to a city under this constitution and the laws of this state. Such powers and privileges shall be cumulative and shall be construed broadly in favor of the metropolitan city.

(3) The metropolitan city shall be governed by a charter. Notwithstanding any provision of law or this constitution, the initial charter of the metropolitan city shall be the charter of the county of St. Louis as of January 1, 2019, except as otherwise provided in this section. The specific mention of or the failure to mention a particular power or privilege in the initial charter shall not limit in any way the powers and privileges granted herein to the metropolitan city. The initial charter shall be liberally construed to effectuate this section and in harmony therewith. The initial charter may be amended in the manner provided in this section and, following the transition period, in the manner provided by charter, provided that any amendment submitted by ordinance shall require the affirmative vote of two-thirds of the qualified electors voting thereon.

(4)(a) Unless otherwise provided by charter following the transition period, there shall be no elective officers of the metropolitan city other than the mayor, the members of the metropolitan council, the assessor, and the prosecuting attorney. Elective officers shall be qualified voters of the metropolitan city and shall possess such additional qualifications provided by charter. Except as otherwise provided in this section, elective officers of the metropolitan city shall be nominated and elected in the manner provided in the election laws for state and county officers. No person duly serving in any office of the county of St. Louis or of any municipality immediately prior to the effective date of this section shall be disqualified from candidacy for elective office of the metropolitan city or of a municipal district, but shall forfeit such office upon assuming elective office of the metropolitan city or of a municipal district. A vacancy shall exist in an office of the metropolitan city in the event of death, resignation, or inability to serve of the person designated by this section to assume such office.

(b) The salary for members of the metropolitan council shall be as provided for members of the board of aldermen of the city of St. Louis immediately prior to the effective date of this section and as may be fixed by ordinance. The salary for all other elective officers of the

metropolitan city shall be as provided for corresponding officers of the county of St. Louis immediately prior to the effective date of this section and as may be fixed by ordinance.

(5)(a) Except as otherwise provided in this section with respect to the transition period, the legislative power of the metropolitan city shall be vested in the metropolitan council and shall include the exercise of legislative power throughout the territory of the metropolitan city, including within the territory of any municipal district, pertaining to any and all duties, services, and functions now or in the future assigned to the metropolitan city, to a county, or to a city.

(b) The metropolitan council shall consist of thirty-three members, elected for terms of four years by the qualified voters of the districts in which they reside, except that members initially representing even-numbered districts shall be elected for terms of two years to provide for staggered terms. Members shall be elected at the general election in 2022, and so on at succeeding elections, and shall take office on January first following election. Notwithstanding the foregoing, the members of the county council of the county of St. Louis duly serving as of the effective date of this section shall be entitled to continue service as members of the county council of the county of St. Louis for the term of office for which they were elected or appointed and receive compensation therefor in the exercise of the duties specified in this section.

(c) Members of the metropolitan council shall be elected from districts established in the manner provided in this section.

(i) Before April 1, 2021, the mayor and transition mayor shall jointly appoint a member or members of the faculty, with relevant expertise and without partisan affiliation, of one or more universities located within the metropolitan city to prepare a plan to divide the metropolitan city into districts from which members of the metropolitan council shall be elected. The plan shall include a statement of the boundaries of the initial districts, together with a map of such districts. Districts shall contain as nearly equal population as practicable, shall be compact and contiguous, and shall comply with all requirements of the United States Constitution and federal laws, including, but not limited to, the Voting Rights Act of 1965, as amended. Such districts shall respect boundaries of municipal districts and communities of interest whenever practicable.

(ii) Before September 1, 2021, the plan shall be submitted for adoption, with or without amendment, by the county council of the county of St. Louis and the governing body of the municipal district within the territory heretofore in the city of St. Louis. If both shall fail to adopt identical plans with the characteristics required by this section, on or before December 31, 2021, the plan as submitted shall be deemed approved as of that date. Upon approval, the plan shall be filed with the official performing the duties of a county clerk and the office or officers charged with conducting elections in the metropolitan city and shall be deemed incorporated into the charter.

(iii) On or before December thirty-first of the year following a federal decennial census, beginning with the first federal decennial census following the transition period, the districts shall be reapportioned, if necessary, in the manner provided in the charter and with the characteristics provided in this section.

(d) At its first regular meeting following the transition period, and every two years thereafter, the members of the metropolitan council shall designate a president and vice-president, whose terms of office shall be for two years.

(e) Any vacancy in the metropolitan council shall be filled by appointment of the president of the metropolitan council. Any person appointed to fill such vacancy shall have the

same qualifications otherwise established for the office and shall serve until a successor is duly serving following a special election for the unexpired or full term.

(6)(a) Except as otherwise provided in this section with respect to the transition period, all executive and administrative power of the metropolitan city shall be vested in the mayor, who shall be the chief executive officer of the metropolitan city and shall possess and exercise all the powers and duties of the chief executive officer of a county and of a city now or in the future granted. Notwithstanding any other provision of law or this constitution, the initial mayor shall be the person duly serving as county executive of the county of St. Louis on January 1, 2019, who shall assume office upon the effective date of this section and hold office until a successor is duly serving. The mayor shall be elected at the general election in 2024, and every four years thereafter, and shall take office on January first following election. Except as otherwise provided in this section with respect to the transition period, a vacancy in the office of mayor shall be filled by the president of the metropolitan council, who shall possess and exercise the powers and duties of the office until a successor is serving following a special election for the unexpired or full term. While so holding the office of mayor, a temporary vacancy shall exist in the office of the president of the metropolitan council. The vice-president of the metropolitan council shall hold the office of president of the metropolitan council during any such vacancy, with the right of succession to the office of mayor. Notwithstanding the foregoing, the transition mayor shall possess and exercise the powers and duties of the office of mayor in the event of a vacancy in such office during the transition period. The vacancy in the office of transition mayor thereby created shall be filled by appointment of the transition mayor, now serving as mayor, from a list of no less than three qualified voters nominated by resolution of the county council of the county of St. Louis. If the county council of the county of St. Louis shall fail to submit such list within seven days of the vacancy, the office shall be filled by appointment of the transition mayor, now serving as the mayor.

(b) The mayor shall appoint no fewer than four deputy mayors, to serve at the pleasure of the mayor and with such duties as directed by ordinance or executive order, with respect to public health and safety; economic development and innovation; community development and housing; community engagement and equity; and as otherwise designated by charter.

(c) There shall be an assessor of the metropolitan city who shall possess and exercise all the powers and duties of a county assessor now or in the future granted. Notwithstanding any other provision of law or this constitution, the initial assessor shall be the person duly serving as assessor of the county of St. Louis as of January 1, 2019, who shall assume office upon the effective date of this section and hold office until a successor is duly serving. The assessor shall be elected at the general election in 2024, and every four years thereafter, and shall take office on January first following election. A vacancy in the office shall be filled by appointment of the mayor, and the person so appointed shall hold office until January first following the next general election at which a successor shall be elected for the unexpired or full term.

(d) There shall be a prosecuting attorney of the metropolitan city who shall possess and exercise all the powers and duties of a prosecuting attorney and the circuit attorney for the city of St. Louis now or in the future granted. Notwithstanding any other provision of law or this constitution, the initial prosecuting attorney shall be the person duly serving as prosecuting attorney of the county of St. Louis on January 1, 2019, who shall assume office upon the effective date of this section and hold office until a successor is duly serving. The prosecuting attorney shall be elected at the general election in 2024, and every four years thereafter, and shall take office on January first following election. A vacancy in the office shall be filled by

appointment of the mayor, and the person so appointed shall hold office until January first following the next general election at which a successor shall be elected for the unexpired or full term.

(e) There shall be a metropolitan city counselor appointed by the mayor, with such qualifications provided by charter, who shall serve as the metropolitan city's attorney and counselor at law and shall possess and exercise all the powers and duties of a county counselor and a city attorney now or in the future granted.

(f) Except as provided in this section, the metropolitan city shall have such departments and offices as established by the county of St. Louis as of the effective date of this section and as may be subsequently established by the metropolitan city. Except for the heads of a department appointed by the majority of the circuit judges as provided by charter, the heads of each department shall be appointed by the mayor and shall assume office upon appointment. Upon the effective date of this section, a board or commission of the county of St. Louis, and which is not the governing body of a special district, shall continue as a board or commission of the metropolitan city, until otherwise provided by charter or by ordinance of the metropolitan city, with the members duly serving holding office until a successor is duly appointed. The members of boards and commissions of the metropolitan city shall be appointed by the mayor, or otherwise as designated by charter, and shall exercise such duties and functions as assigned by law, charter, ordinance, or order.

(7)(a) During the transition period, all executive and administrative power of the metropolitan city shall be vested jointly in the mayor and transition mayor, who shall together constitute the chief executive officer of the metropolitan city and who shall jointly undertake or order the exercise or performance of any power, duty, or function necessary and proper to faithfully execute the orderly administration and implementation of this section. Notwithstanding any provision of law or this constitution, the transition mayor shall be the person serving as mayor of the city of St. Louis on January 1, 2019, who shall assume the office of transition mayor upon the effective date of this section and hold office until January 1, 2023. During the transition period, the transition mayor shall concurrently exercise the powers, privileges, duties, and functions of the chief executive officer of the governing body of the municipal district within the territory heretofore in the city of St. Louis. A vacancy in the office of transition mayor shall be filled by appointment of the mayor from a list of no less than three qualified voters nominated by resolution of the governing body of the municipal district within the territory heretofore in the city of St. Louis. If the governing body of the municipal district shall fail to submit such list within seven days of the vacancy, the office shall be filled by appointment of the mayor.

(b) Notwithstanding any provision of law or this constitution, to the extent an executive or administrative power, duty, or function is required to be exercised or performed by the metropolitan city during the transition period, such power, duty, or function may be exercised or performed jointly by the mayor and transition mayor or, at their joint direction, by an official or employee of the metropolitan city or of a municipal district, but shall be deemed exercised or performed by the metropolitan city. Such powers, duties, and functions shall include, without limitation: (i) on or before February 1, 2021, establishing procedures related to the joint exercise and performance of the power, duties, and functions authorized by this section, including, without limitation, a procedure for the resolution of any nonconcurrence among the mayor and transition mayor; (ii) on or before April 1, 2021, making appointments to offices, departments, boards, and commissions, except for officers appointed by a majority of the circuit judges as provided in the charter, with such persons assuming office upon their appointment; (iii) ordering

the metropolitan city provide or secure the provision of a general district service within the territory of a municipal district; (iv) administering the budget for each year of the transition period in the manner provided in this section; (v) transferring and assigning the functions and duties of personnel; (vi) entering into contracts and agreements; (vii) transferring and accepting the transfer of property; and (viii) executing any necessary documents or instruments related thereto on behalf of the metropolitan city. The mayor and transition mayor shall jointly undertake or order the exercise or performance of such powers, duties, or functions pursuant to executive order contemporaneously transmitted to the county council of the county of St. Louis and the governing body of each municipal district.

(c) During the transition period, the mayor and transition mayor shall jointly solicit public comment and, before November 15, 2022, shall jointly present to the public, at meetings called for such purpose, a plan to create, organize, and abolish executive and administrative departments, divisions, bureaus, commissions, boards, offices, and employments, and transfer the functions and duties thereof, as necessary and proper to effectuate this section and to ensure the proper and efficient administration of the affairs of the metropolitan city. The plan shall provide for the exercise of executive and administrative powers and duties of counties and county officers prescribed by this constitution and laws of the state and shall provide for the exercise of executive and administrative powers, privileges, duties, and functions of the metropolitan city prescribed in this section, including, without limitation, providing or securing the provision of general district services throughout the territory of the metropolitan city. On or after January 1, 2023, the plan shall be submitted to the metropolitan council and shall take effect within thirty days of submission, unless disapproved by resolution adopted by two-thirds of all members voting in the affirmative, provided that if the plan would affect the department of judicial administration, such plan shall not become effective unless upon the concurrence of a majority of the circuit judges within the metropolitan city. Upon taking effect, the plan shall take the place of and supersede charter provisions, ordinances, resolutions, rules, regulations, and orders inconsistent therewith.

(d) Notwithstanding any provision of law or this constitution, during the transition period, the county council of the county of St. Louis and the governing body of the municipal district located within the territory heretofore of the city of St. Louis, upon the joint recommendation of the mayor and transition mayor, shall adopt resolutions, ordinances, and orders consistent with this section and its orderly implementation and administration, with such resolutions, ordinances, and orders deemed as on behalf of the metropolitan city upon their adoption by both such bodies and the joint approval thereof by the mayor and transition mayor, and may continue to separately adopt resolutions, ordinances, and orders consistent with this section and its orderly implementation and administration applying to their respective territories.

(e) During the transition period, the governing body of a municipal district shall administer the affairs of the municipal district, provided that, unless upon the joint approval of the mayor and transition mayor, no municipal district shall incur any new obligation extending beyond the transition period with respect to the provision of general district services, other than with respect to the refunding of financing obligations, nor dispose of its property, except as required by contract.

(f) During the transition period, it shall be the affirmative duty of any official or employee of the metropolitan city, the county of St. Louis, or a municipal district to cooperate in the orderly administration and implementation of this section under the joint direction of the

mayor and transition mayor and to refrain from any official action that would impair or frustrate its orderly administration and implementation.

(8) Notwithstanding any provision of law or this constitution, upon the effective date of this section, the powers and duties of any county office of the city of St. Louis or the county of St. Louis shall be deemed exercised or performed on behalf of the metropolitan city. Except as otherwise provided in this section, on or before January 1, 2022, all property, contracts, records, and personnel related to any such county office shall be transferred to the corresponding office of the metropolitan city. Incumbents serving in such offices shall serve the remainder of the term for which they were elected or appointed, subject to any right of resignation, and shall receive compensation therefor in the performance of such duties directed by the metropolitan city.

(9) The entire territory of the metropolitan city shall be a general services district throughout which the metropolitan city shall provide or secure the provision of general district services, including within the territory of any municipal district. Notwithstanding the foregoing, a municipal district shall continue to provide or secure the provision of a general district service on behalf of the metropolitan city until provided or secured by the metropolitan city within the territory of the municipal district pursuant to executive order or ordinance of the metropolitan city. Except as otherwise provided in this section and excluding any fund balance of a municipal district, any property, contracts, records, and personnel of a municipal district related to providing or securing a general district service shall be transferred to the metropolitan city upon the metropolitan city providing or securing the provision of a general district service within the territory of the municipal district.

(10)(a) The metropolitan city shall enforce its ordinances, resolutions, rules, regulations, and orders throughout its territory. Ordinances, resolutions, rules, regulations, and orders of the county of St. Louis in effect immediately prior to the effective date of this section shall remain effective as ordinances, resolutions, rules, regulations, and orders of the metropolitan city and shall be enforced by the metropolitan city until repealed, modified, or amended by the metropolitan city, except to the extent of any conflict with this section. Charter provisions, ordinances, resolutions, rules, regulations, and orders of any municipality in effect immediately prior to the effective date of this section shall become effective as ordinances, resolutions, rules, regulations, and orders of the metropolitan city as if enacted or promulgated by the metropolitan city and shall be enforced by the metropolitan city with respect to the territory to which they applied immediately prior to the effective date of this section until repealed, modified, or amended by the metropolitan city, except to the extent of any conflict with this section. Notwithstanding the foregoing, during the transition period, a municipal district may, under the direction of the metropolitan city, continue to enforce such ordinances, resolutions, rules, regulations, and orders within its territory, and such enforcement shall be deemed on behalf of the metropolitan city. All ordinances, resolutions, rules, regulations, or orders of the metropolitan city shall be construed to effectuate this section.

(b) The metropolitan city counselor shall review all charter provisions, ordinances, resolutions, rules, regulations, and orders and shall solicit public comments related thereto. By no later than November 15, 2022, the metropolitan city counselor shall issue a report on such modifications and revisions necessary or advisable, including, without limitation, to resolve any conflicts whereby any rights, remedies, entitlements, or the enforcement thereof, cannot reasonably be reconciled. The metropolitan council may adopt the report by ordinance, and, upon adoption, the charter, ordinances, resolutions, rules, regulations, and orders in effect shall be deemed modified to reflect the report so adopted.

(11)(a) Upon the effective date of this section, the jurisdiction of the municipal court for the county of St. Louis shall be extended to the entire territory of the metropolitan city and shall constitute the municipal court for the metropolitan city. The municipal court shall have jurisdiction to hear and determine cases involving violations of ordinances in the manner provided by this constitution or by law, rule, charter, or ordinance. Notwithstanding the foregoing, during the transition period, a municipal court within the metropolitan city immediately prior to the effective date of this section may continue to operate as a division of the municipal court of the metropolitan city, with any act of such division deemed performed on behalf of the municipal court of the metropolitan city. On or before January 1, 2023, property, contracts, records, and personnel of any municipal court within the metropolitan city immediately prior to the effective date of this section shall be transferred to the municipal court of the metropolitan city.

(b) The metropolitan city may authorize the municipal court to operate within divisions and in such locations as are convenient to residents of the metropolitan city and which may correspond with the geographic boundaries of one or more municipal courts immediately prior to the effective date of this section. Except as otherwise provided in this section, the municipal court shall have such municipal judges, and the necessary non-judicial personnel assisting them, as provided by law and ordinance. Unless otherwise provided by ordinance of the metropolitan city respecting a municipal court, the mayor shall appoint, with advice and consent of the metropolitan council, the judges of the municipal court. The metropolitan city shall prescribe by ordinance the tenure and compensation of the judges of the municipal court. Municipal judges and necessary non-judicial personnel shall serve full-time, unless otherwise provided by charter of the metropolitan city, provided that the compensation for any full-time judge of the municipal court shall not exceed the compensation for an associate circuit judge.

(c) The clear proceeds of all penalties, forfeitures, and fines collected by the municipal court shall be distributed annually to the schools of the metropolitan city according to law.

3. Municipal Districts.

(1)(a) Upon the effective date of this section, a municipality shall continue its corporate existence as a municipal district, with its name the term "Municipal District" preceded by the name of the municipality, less any previous designation as to city, town, or village, unless otherwise designated by the municipal district or by law. A municipal district of the metropolitan city, which is hereby created, shall be a political subdivision, body corporate and politic, and municipal corporation, exercising and performing such powers, privileges, duties, and functions of the municipality necessary and proper: (i) to provide or secure the provision of a municipal district service not otherwise provided or secured within its territory; (ii) to provide or secure the provision of a general district service until provided or secured by the metropolitan city within the territory of the municipal district pursuant to executive order or ordinance of the metropolitan city; and (iii) for the satisfaction of outstanding obligations of any kind incurred by the municipality prior to the effective date of this section.

(b) All rights, duties, personnel, property, contracts, records, assets, liabilities, and obligations of any kind of the municipality, including, without limitation, the payment of principal and interest on financing obligations and any obligation related to employee benefits, including, without limitation, pension, retirement, disability, death, medical, life insurance, and similar benefits for employees, eligible dependents, and beneficiaries, shall continue without impairment with the municipal district by operation of this section. Except as otherwise provided in this section, the municipal district and the territory therein shall continue to be held

responsible for any such outstanding obligation to the same extent as the municipality immediately prior to the effective date of this section, and any tax, license, fee, or special assessment levied or imposed for the satisfaction of any outstanding obligation shall continue to be levied or imposed within its territory until such obligation is satisfied or the obligation terminates pursuant to the terms thereof. The municipal district may refinance or refund any outstanding financing obligation in the manner provided by law for the municipality. Any property or interest therein securing an outstanding financing obligation shall remain the property of the municipal district until such financing obligation is satisfied, unless otherwise provided pursuant to the terms thereof. Notwithstanding the foregoing, the metropolitan city may assume any outstanding obligation of the municipal district, provided that no such assumption shall impair any obligation of contract.

(2)(a) The governing body of a municipal district shall be the governing body of the municipality, exercising and performing such powers, privileges, duties, and functions of the governing body of the municipality necessary and proper to effectuate this section and for the proper and efficient administration of the municipal district, including, without limitation, serving the function of a planning commission and board of adjustment to the metropolitan city, in the manner authorized by the metropolitan city, with respect to zoning ordinances applicable to territory of the municipal district.

(b) Notwithstanding any provision of law or this constitution, the initial governing body shall consist of the members of the governing body of the municipality duly serving immediately prior to the effective date of this section, who shall assume office with the municipal district upon the effective date of this section and hold office until a successor is duly serving following election, beginning with the first general municipal election following the transition period.

(c) Upon the effective date of this section, a board or commission of the municipality, and which is not the governing body of a special district, shall continue as a board or commission of the municipal district, until otherwise provided by the municipal district, by the metropolitan city, or by law, with the members duly serving holding office until a successor is duly appointed in a manner consistent with that of the municipality or as provided by law.

(3) The boundaries of a municipal district shall not be altered except as approved by ordinance of the metropolitan city. Following the transition period, a municipal district may merge or consolidate with one or more municipal districts or may be dissolved as authorized by ordinance of the metropolitan city providing for the transfer of any rights, duties, personnel, property, contracts, assets, liabilities, and obligations and the procedure and effective date for such merger, consolidation, or dissolution. Such ordinance may provide for creation of a new municipal district to assume the powers, privileges, duties, and functions of any municipal districts so subsumed.

4. The St. Louis Municipal Corporation.

(1)(a) On January 1, 2023, the municipal district within the territory heretofore in the city of St. Louis shall continue its corporate existence as a political subdivision and municipal corporation, with its name "The St. Louis Municipal Corporation." The St. Louis Municipal Corporation shall exercise and perform such powers, privileges, duties, and functions of the municipal district necessary and proper: (i) for the satisfaction of outstanding obligations of any kind of the municipal district; and (ii) to provide or secure the provision of a municipal district service not otherwise provided or secured within its territory, except as otherwise provided by ordinance of the metropolitan city.

(b) Except as otherwise provided in this section, all rights, duties, personnel, property, contracts, records, assets, liabilities, and obligations of any kind of the municipal district within the territory heretofore in the city of St. Louis, including, without limitation, the payment of principal and interest on financing obligations, and any obligation related to employee benefits, including, without limitation, pension, retirement, disability, death, medical, life insurance, and similar benefits for employees, eligible dependents, and beneficiaries, shall continue without impairment with the St. Louis Municipal Corporation by operation of this section. Except as otherwise provided in this section, the St. Louis Municipal Corporation and the territory therein shall continue to be held responsible for any such outstanding obligation to the same extent as the municipal district within the territory heretofore in the city of St. Louis, and any tax, license, fee, or special assessment levied or imposed for the satisfaction of any outstanding obligation shall continue to be levied or imposed within its territory until such obligation is satisfied or the obligation terminates pursuant to the terms thereof. The St. Louis Municipal Corporation may refinance or refund any outstanding financing obligation in the manner provided by law for the municipality. Any property or interest therein securing any outstanding financing obligation shall remain the property of the St. Louis Municipal Corporation until such financing obligation is satisfied, unless otherwise provided pursuant to the terms thereof. Notwithstanding the foregoing, the metropolitan city may assume any outstanding obligation of the St. Louis Municipal Corporation, provided that no such assumption shall impair any obligation of contract.

(2) The governing body of the St. Louis Municipal Corporation shall be comprised of a board of directors of five qualified voters appointed by the transition mayor, with three directors appointed for terms of three years and two appointed for terms of two years. Such initial members shall assume office on January 1, 2023, and shall hold office until a successor is duly appointed by the mayor of the metropolitan city. Notwithstanding the foregoing, the members of the governing body of the municipal district shall serve the remainder of the term of office for which they were elected or appointed, subject to any right of resignation, and receive compensation therefor in the performance of such duties as directed by the governing body of the St. Louis Municipal Corporation.

(3)(a) As provided in this section for a municipal district, the territory of the St. Louis Municipal Corporation shall continue as a taxing subdistrict of the metropolitan city, and the St. Louis Municipal Corporation shall continue as a separate taxing district, provided that it may exercise only such taxing powers of the municipal district authorized for its exercise by ordinance of the metropolitan city, except as otherwise provided in this section for the satisfaction of any outstanding obligation.

(b) Unless otherwise provided by ordinance of the metropolitan city, the metropolitan city shall distribute funds to the St. Louis Municipal Corporation in the manner and for the purposes provided in this section with respect to a municipal district and may levy or impose a tax, license, fee, or special assessment solely within the territory of the St. Louis Municipal Corporation in the manner and for the purposes provided in this section with respect to a tax, license, fee, or special assessment of the metropolitan city levied or imposed solely within the territory of a municipal district.

(c) Unless otherwise provided by ordinance of the metropolitan city, the St. Louis Municipal Corporation shall be deemed a municipal district for purposes of determining the right to receive, and for the calculation and receipt of, distributions, allocations, remittances, and reimbursements of any kind from the state or United States government, or from any other agency, public or private.

5. Finances.

(1)(a) General district services and the satisfaction of outstanding obligations of any kind of the metropolitan city shall be financed with funds generated throughout the territory of the metropolitan city, including within the territory of any municipal district thereof, or otherwise secured by the metropolitan city. Municipal district services provided or secured by a municipal district within its territory and the satisfaction of outstanding obligations of any kind of a municipal district shall be financed with funds generated within the territory of the municipal district, or otherwise secured by the municipal district.

(b) Notwithstanding any provision of law or this constitution, the metropolitan city shall be empowered to take any and all actions necessary and proper to ensure the satisfaction of outstanding obligations incurred prior to the effective date of this section and to prevent any impairment thereof.

(2)(a) Except as otherwise provided in this section, the tax structure, tax rates, and level of services in effect immediately prior to the effective date of this section shall remain in effect until modified by the metropolitan city. Notwithstanding any provision of law or this constitution, in order to maintain the tax structure, tax rates, and level of services, all taxes, licenses, fees, and special assessments levied or imposed by the county of St. Louis or by a municipality shall continue as a tax, license, fee, or special assessment of the metropolitan city with respect to the territory to which the same applied immediately prior to the effective date of this section, until modified by the metropolitan city, but shall remain subject to any duty or requirement regarding the use of funds generated thereby and shall remain subject to any requirement imposed by law for voter approval of the continued levy or imposition of any such tax initially levied or imposed prior to the effective date of this section. Notwithstanding any provision of law or this constitution, the continuation of any such taxes, licenses, fees, and special assessments shall not be deemed an action by a political subdivision in levying, increasing, or broadening the base of an existing tax, license, or fee.

(b)(i) The metropolitan city shall distribute to the municipal district funds generated by any tax, license, fee, or special assessment of the metropolitan city initially levied by the municipality as required for the satisfaction of any outstanding obligation. If any outstanding obligation is subject to the appropriation of funds therefor, the governing body of the municipal district shall determine whether and to what extent funds shall be appropriated therefor.

(ii) Except as otherwise provided in this section, the metropolitan city shall distribute any remaining funds generated by any property tax or special assessment of the metropolitan city initially levied by the municipality to the municipal district for providing or securing the provision of municipal district services within its territory, and for providing or securing the provision of a general district service until such service is provided or secured by the metropolitan city within the territory of the municipal district pursuant to executive order or ordinance of the metropolitan city.

(iii) Except as otherwise provided in this section, the metropolitan city shall, from any remaining funds generated by any sales or use tax of the metropolitan city initially levied or imposed by the municipality, distribute to the municipal district funds necessary for providing or securing the provision of municipal district services within its territory, and for providing or securing the provision of a general district service until such service is provided or secured by the metropolitan city within the territory of the municipal district pursuant to executive order or ordinance of the metropolitan city.

(3) Each municipal district shall constitute a taxing subdistrict of the metropolitan city. Notwithstanding any provision of law or this constitution: (i) taxes, licenses, fees, or special assessments of the metropolitan city levied or imposed solely within the territory of a municipal district may be different than taxes, licenses, fees, or special assessments of the metropolitan city levied or imposed generally throughout its territory; (ii) the metropolitan city may levy or impose a tax, license, fee, or special assessment solely within the territory of a municipal district in order to ensure the satisfaction of any outstanding obligation, including, without limitation, financing obligations, incurred by the municipality prior to the effective date of this section; and (iii) the metropolitan city may levy or impose a tax, license, fee, or special assessment solely within the territory of a municipal district to provide or secure the provision of, or to increase the level of, any services provided or secured within the territory of the municipal district. Any such tax levied or imposed shall be subject to voter approval to the extent required by this constitution for the municipality, and the metropolitan city may issue financing obligations for the purposes provided herein, subject to the requirements of this constitution for voter approval thereof.

(4)(a) In addition to constituting a taxing subdistrict of the metropolitan city, each municipal district shall be a separate taxing district, with the taxing powers specified in this section and as may be provided by law. A municipal district may, in the manner and to the extent heretofore authorized for the municipality, exercise the following taxing powers for providing or securing the provision of municipal district services and for providing or securing the provision of a general district service until such service is provided or secured by the metropolitan city within the territory of the municipal district: (i) continue to levy a property tax or special assessment previously levied by the municipality, or levy a property tax or special assessment, which new levy may be in addition to any such property tax or special assessment of the metropolitan city; and (ii) continue to levy a tax upon utilities previously levied by the municipality, or levy a tax upon utilities within the municipal district, which shall be in the place of any such tax upon utilities the metropolitan city is authorized to levy within the territory of the municipal district. The governing body of the municipal district shall set the rate of any property tax or special assessment levied by the municipal district in the manner provided by law and this constitution for the municipality.

(b) A municipal district may, in the manner and to the extent authorized for the municipality and as may be provided by law, charter, or ordinance of the metropolitan city, continue to impose and collect licenses and fees previously imposed and collected by the municipality, or impose and collect licenses and fees for providing or securing the provision of municipal district services, and for providing or securing the provision of a general district service until such service is provided or secured by the metropolitan city within the territory of the municipal district.

(c) A municipal district may issue financing obligations for the foregoing purposes in the manner provided by law and this constitution for the municipality.

(d) The fiscal year of each municipal district shall be the same as the fiscal year for the metropolitan city. The governing body of a municipal district shall administer the revenues generated from taxes, licenses, fees, and special assessments, along with any funds otherwise secured by the municipal district in a manner consistent with that provided for the municipality and as may be provided by law, charter, or ordinance of the metropolitan city, pursuant to an annual budget adopted by the governing body, beginning with an annual budget for the fiscal year beginning January 1, 2023.

(e) Except as otherwise provided by law, charter, or ordinance of the metropolitan city, not later than ninety days prior to the first day of each fiscal year, beginning with the fiscal year beginning January 1, 2023, the governing body of a municipal district shall submit to the metropolitan city a true and accurate estimate of: (i) all outstanding obligations of any kind, including, without limitation, the principal, interest, and other amounts required to be paid on any financing obligations for the ensuing fiscal year; (ii) the expenditures necessary to provide or secure the provision of services for the ensuing fiscal year; and (iii) the funds, revenues, taxes, licenses, fees, and special assessments for such purposes for the ensuing fiscal year. Except as otherwise provided in this section with respect to the transition period and as may be otherwise provided by law, charter, or ordinance of the metropolitan city following the effective date of this section, the metropolitan city shall make distributions pursuant to this section in accordance with the estimate so certified by the municipal district.

(5)(a) The metropolitan city shall be entitled to receive all funds from the state or United States government, or from any other agency, public or private, to the extent and in the manner in which any county or city of the state is, or may in the future be, entitled to receive such funds. The metropolitan city shall be deemed both a city and a county for determining the right to receive funds from the state or United States government, or from any other agency, public or private.

(b) A municipal district shall be entitled to receive all funds from the state or United States government, or from any other agency, public or private, that are in furtherance of any power conferred upon a municipal district. A municipal district shall be deemed a political subdivision of the state and a municipal corporation for the purpose of determining the right to receive funds from the state or United States government, or from any other agency, public or private.

(c) Notwithstanding any provision of law or this constitution, all apportionments, distributions, allocations, remittances, and reimbursements of any kind from the state or United States government, or from any other agency, public or private, to counties, cities, towns, or villages that the county of St. Louis or any municipality was eligible to receive immediately prior to the effective date of this section, including, without limitation, the proceeds of taxes, licenses, and fees apportioned and distributed pursuant to this constitution or law, shall be calculated in the same manner as if the reorganization pursuant to this section had not occurred, but any such apportionments, distributions, allocations, remittances, and reimbursements shall be made to the metropolitan city, which shall distribute to the municipal district such portion thereof required for the satisfaction of any outstanding obligation, or necessary for providing or securing the provision of municipal district services within its territory, and for providing or securing the provision of a general district service until such service is provided or secured by the metropolitan city within the territory of the municipal district.

(6)(a) Notwithstanding any provision of law or this constitution, except as otherwise provided in this section, the budget of the metropolitan city and the municipal districts thereof for each year of the transition period shall be the combined adopted budgets for the county of St. Louis and for each municipality covering the twelve-month period beginning January 1, 2019, along with any supplemental or emergency appropriations, and any additional appropriations necessary for the satisfaction of any obligations of the county of St. Louis or any municipality adopted during the twelve-month period beginning January 1, 2020. Such budget shall be the complete financial plan for the metropolitan city and the municipal districts thereof for each year of the transition period. The amounts appropriated therein shall be deemed effective for each

year of the transition period, and the taxes, licenses, fees, and special assessments levied and imposed in support thereof are hereby levied and imposed at the rates provided therein for each year of the transition period in order to create and provide new revenues in support of such appropriations. Notwithstanding any provision of law or this constitution, no adjustment to the rate of any levy therein shall be required during the transition period.

(b) The mayor and transition mayor shall jointly administer the budget for each year of the transition period. The mayor and transition mayor may jointly control the rate at which any appropriation is expended by allotment, may jointly reduce expenditures below appropriations, and may jointly transfer appropriations to ensure the proper and efficient administration of the metropolitan city and the municipal districts thereof during the transition period, provided that the mayor and transition mayor shall not reduce any appropriation for the payment of principal and interest on financing obligations. Notwithstanding any provision of law or this constitution, if jointly recommended by the mayor and transition mayor, the county council of the county of St. Louis and the governing body of the municipal district located within the territory heretofore in the city of St. Louis shall by ordinance make supplemental or emergency appropriations from available funds, and such ordinances shall be deemed on behalf of the metropolitan city upon their adoption by both such bodies and the joint approval thereof by the mayor and transition mayor.

(c) During the transition period, the metropolitan city shall distribute, to the municipal district, funds generated from any tax, license, fee, or special assessment of the metropolitan city initially levied by the municipality: (i) as required for the satisfaction of any outstanding obligation of the municipal district, including, without limitation, financing obligations of the municipality; (ii) as necessary for providing or securing the provision of municipal district services within its territory; and (iii) as necessary for providing or securing the provision of a general district service until such service is provided or secured by the metropolitan city within the territory of the municipal district pursuant to executive order or ordinance of the metropolitan city.

(7)(a) Not later than November 15, 2022, the mayor and transition mayor shall jointly recommend and publish a balanced budget for the metropolitan city, which shall provide a complete financial plan for the metropolitan city for the ensuing fiscal year and shall include proposed tax rates, all estimated income and revenue, all proposed expenditures, and such other matters as may be necessary or advisable.

(b) The metropolitan city shall set the rate of any property tax or special assessment of the metropolitan city, including any property tax or special assessment of the metropolitan city levied solely within the territory of a municipal district, in the manner provided in this constitution and by law, except that the rate of the property tax levy for general county purposes levied solely within the territory heretofore in the county of St. Louis shall be reduced, for each subclass of real property and for personal property, to yield revenues no greater than half of the amount of revenues generated by such levy during the prior fiscal year.

(c) On or after January 1, 2023, the budget may be adopted in the manner provided by charter and ordinance, except as otherwise provided in this section. The amounts appropriated and the taxes, licenses, fees, and special assessments levied or imposed in support thereof for the current fiscal year shall be deemed appropriated and levied or imposed for the ensuing fiscal year on a month-to-month basis, with all items prorated accordingly, until such time as the metropolitan council does adopt the budget. The mayor may object to one or more items or portions of items of appropriation, other than an appropriation for the payment of principal and

interest on financing obligations, in any ordinance presented, and such items or portions of items shall not take effect unless separately reconsidered and adopted by the metropolitan council with two-thirds of all members voting in the affirmative, the objections of the mayor notwithstanding.

(d) Following adoption of the annual budget, the mayor may control the rate at which any appropriation is expended by allotment, may reduce expenditures below appropriations whenever the actual revenues are less than the revenues upon which the appropriations were based, and may transfer appropriations to ensure the proper and efficient administration of the metropolitan city, provided that the mayor shall not reduce any appropriation for the payment of principal and interest on financing obligations. If recommended by the mayor, the metropolitan council may by ordinance make supplemental or emergency appropriations from available funds during the fiscal year.

(8)(a) Not later than sixty days prior to each fiscal year, beginning with the fiscal year beginning January 1, 2024, the mayor shall recommend to the metropolitan council a balanced budget, which shall provide a complete financial plan for the metropolitan city for the ensuing fiscal year and shall include proposed tax rates, all estimated income and revenue, all proposed expenditures, and such other matters as may be necessary or advisable.

(b) The metropolitan city shall annually set the rate of any property tax or special assessment of the metropolitan city, including any property tax or special assessment of the metropolitan city levied solely within the territory of a municipal district, in the manner provided in this constitution and by law, except that the property tax levy of the metropolitan city for general county purposes levied solely within the territory heretofore in the county of St. Louis shall be levied throughout the territory of the metropolitan city, for each subclass of real property and for personal property, and shall be in place of the corresponding property tax levy of the metropolitan city for general county purposes levied solely within the territory heretofore in the city of St. Louis.

(c) The budget may be adopted in the manner provided by charter and ordinance, except as otherwise provided in this section. The amounts appropriated and the taxes, licenses, fees, and special assessments levied or imposed in support thereof for the current fiscal year shall be deemed appropriated and levied or imposed for the ensuing fiscal year on a month-to-month basis, with all items prorated accordingly, until such time as the metropolitan council does adopt the budget. The mayor may object to one or more items or portions of items of appropriation, other than an appropriation for the payment of principal and interest on financing obligations, in any ordinance presented, and such items or portions of items shall not take effect unless separately reconsidered and adopted by the metropolitan council with two-thirds of all members voting in the affirmative, the objections of the mayor notwithstanding.

(d) Following adoption of the annual budget, the mayor may control the rate at which any appropriation is expended by allotment, may reduce expenditures below appropriations whenever the actual revenues are less than the revenues upon which the appropriations were based, and may transfer appropriations within any department of the budget to ensure the proper and efficient administration of the metropolitan city, provided that the mayor shall not reduce any appropriation for the payment of principal and interest on financing obligations. If recommended by the mayor, the metropolitan council may by ordinance make supplemental or emergency appropriations from available funds during the fiscal year.

6. The St. Louis Fire Protection District.

(1)(a) Notwithstanding any provision of law or this constitution, on January 1, 2023, there is hereby established a fire protection district, coextensive with the boundaries of the

territory heretofore in the city of St. Louis, to exercise the powers, privileges, duties, and functions now vested or in the future granted to a fire protection district pursuant to chapter 321 of the revised statutes of Missouri, with its name "The St. Louis Fire Protection District." Such fire protection district shall be a political subdivision, municipal corporation, and a body corporate and politic, providing fire protection, emergency medical, and related services authorized by law for a fire protection district.

(b) The fire protection district shall be governed by a board of directors with the powers, privileges, duties, and functions now or in the future granted by law to such boards. The initial board shall be comprised of five qualified voters appointed by the transition mayor, with three directors appointed for terms of three years and two appointed for terms of two years. Thereafter, members shall be elected to terms as provided by law for a fire protection district and serve until successors are duly elected and qualified in the manner provided by law for a fire protection district.

(c) Except as otherwise provided in this section, any property, contracts, records, and personnel related to the provision of fire protection, emergency medical, and related services within the territory heretofore in the city of St. Louis shall be transferred to the fire protection district. Any employee so transferred who has completed the training and instruction requirements applicable within the territory of the city of St. Louis shall be deemed as having completed the training and instruction requirements applicable to the territory of the metropolitan city.

(2)(a) For the fiscal year beginning January 1, 2023, the board shall certify to the metropolitan city the amount necessary to be raised by taxation and, with other revenues, to support the fire protection district, and shall certify the rate of levy which, when levied upon taxable property within the district as shown by the last completed assessment, shall raise the amount of revenues necessary to be raised by taxation. During the fiscal year beginning January 1, 2023, the metropolitan city shall distribute to the fire protection district, from funds generated solely within the territory heretofore in the city of St. Louis, the amount of revenues necessary to be raised by taxation so certified by the board. In addition to such distribution, during such fiscal year, the metropolitan city may, by ordinance, make appropriations to the fire protection district from funds generated solely within the territory heretofore in the city of St. Louis.

(b) Notwithstanding any provision of law or this constitution, effective for the fiscal year beginning January 1, 2024, the board is hereby authorized to levy, on all taxable property within the territory of the district, a tax sufficient to produce from all taxable property, exclusive of new construction and improvements, substantially the same amount of revenue certified by the board as necessary to be raised by taxation for the prior fiscal year, subject to voter approval as required by this constitution. Upon such levy, the metropolitan city shall adjust the rates of taxes, licenses, and fees levied or imposed by the metropolitan city within the fire protection district, other than a tax, license, or fee levied for the satisfaction of any outstanding financing obligation, so to reduce the revenues generated overall thereby by substantially the same amount of revenues generated by the levy of the fire protection district.

(c) For each year beginning on or after January 1, 2025, the board shall determine the amount necessary to be raised by taxation and, with other revenues, to support the fire protection district, and shall set the rate of tax on all taxable property within the territory of the district to raise the amount required, in the manner provided by law and this constitution for a fire protection district. The board may fix an additional rate and may levy an additional tax for the purposes and in the manner authorized by law for a fire protection district.

(d) Until such time as the board has levied a tax authorized herein, the metropolitan city shall distribute funds annually to the fire protection district in the manner provided herein for the fiscal year beginning January 1, 2023.

(3) The fire protection district may assume any outstanding obligations related to the services to be provided by the district within the territory heretofore in the city of St. Louis, including, without limitation, the payment of principal and interest on financing obligations, and any obligations related to employee benefits, including, without limitation, pension, retirement, disability, death, medical, life insurance, and similar benefits for employees, eligible dependents, and beneficiaries, provided that no such assumption shall impair any obligation of contract. The board shall make provision for the payment of principal, interest, and other amounts required to be paid on any outstanding financing obligation so assumed by levy of a sufficient tax within the district in the manner authorized by law for a fire protection district.

7. Elections.

(1)(a) Following the effective date of this section, the general assembly shall provide by law for a board of election commissioners or other election authority to perform such duties and possess such powers as provided by law with respect to the conduct of elections within the metropolitan city. Until such time as the general assembly has provided for a board of election commissioners or other election authority, the respective boards of election commissioners shall cooperate in the performance of the duties provided by law for a board of election commissioners in the conduct of elections within the metropolitan city.

(b) Following the effective date of this section, the general assembly shall provide for party committees of the metropolitan city organized in the manner and to perform such duties provided by law for county party committees. Until such time as the general assembly has provided for such party committees, the respective party committees shall cooperate in the performance of duties provided by law for county party committees.

(2)(a) Notwithstanding any provision of law or this constitution, during the transition period, neither the metropolitan city nor any municipal district thereof shall have the power to submit any question to voters with respect to the continued levy or imposition of any tax initially levied or imposed by a municipality prior to the effective date of this section. Upon the failure to submit any question to voters with respect to the continued imposition or levy of any tax on earnings, such tax shall be reduced in the manner provided by law, and any tax on payroll expense initially levied or imposed by a municipality prior to the effective date of this section shall be reduced by one-twentieth of one percent annually until such tax is eliminated. Notwithstanding any provision of law or this constitution and notwithstanding any reduction of such levies, the St. Louis Municipal Corporation shall satisfy any outstanding financing obligations from available revenues, and the metropolitan city shall distribute to the St. Louis Municipal Corporation, from revenues generated within the territory of the St. Louis Municipal Corporation, such revenues as may be required for the satisfaction of any such outstanding financing obligation.

(b) Notwithstanding any provision of law or this constitution, in the event of the death, resignation, or inability to serve of both persons designated by this section to serve in the offices of mayor and transition mayor prior to the effective date of this section, the prosecuting attorney of the metropolitan city and the assessor of the metropolitan city shall jointly possess and exercise the powers and duties of the office of mayor and transition mayor, and shall jointly act as the chief executive officer of the metropolitan city until such time as a mayor is elected by the qualified voters of the metropolitan city at the general municipal election in 2021 and has

assumed office ten days thereafter. Notwithstanding any provision of this section, the mayor so elected shall constitute the chief executive officer of the metropolitan city and shall exercise and perform any power, duty, or function otherwise to be jointly exercised by the mayor and the transition mayor during the transition period and shall exercise and perform any power, duty, or function of mayor until January 1, 2025, when a successor elected at the general election in November 2024 is duly serving. Except for the election of the mayor as provided in this paragraph, during the transition period, neither the metropolitan city nor any municipal district thereof shall have the power to call an election or to submit any question to voters with respect to any other office of the metropolitan city or of any municipal district.

(c) Nothing herein shall be construed to prevent a special district from submitting any question to voters, and the costs of submitting such shall be borne according to law, unless otherwise provided by ordinance of the metropolitan city.

8. Judicial Circuit Boundaries.

(1) Notwithstanding any provision of law or this constitution, upon the effective date of this section, the judicial conference of the state of Missouri, as established by law, is hereby authorized to submit a circuit realignment plan, in the manner provided by section 478.073 of the revised statutes of Missouri, for the alteration of the geographical boundaries of the judicial circuits to create a single judicial circuit for the metropolitan city, provided that no judge shall be removed from office during his or her term by reason of any alteration of the geographical boundaries of any judicial circuit. Such plan shall become effective January first of the year following the session of the general assembly to which it is submitted, unless a bill providing such is presented to the governor and is duly enacted. Nothing herein shall be construed to prohibit the general assembly from providing by law for the alteration of the geographical boundaries of the judicial circuits as authorized by this constitution.

(2) Notwithstanding any provision of law or this constitution, the judges of the circuit courts for the city of St. Louis and for the county of St. Louis shall continue as judges of any judicial circuit for the metropolitan city, and the number of judges for any such circuit shall be the number authorized by law for both circuits as of the effective date of this section, unless subsequently modified in the manner provided by law.

(3) Whenever a vacancy shall occur in the office of circuit judge or associate circuit judge of a circuit court within the metropolitan city, the vacancy shall be filled in the manner provided by article V, sections 25(a)-(g) of this constitution.

9. Special Districts.

(1)(a) Notwithstanding any provision of law or this constitution, upon the effective date of this section, all special districts and any provisions of this constitution or the laws of this state pertaining thereto, shall continue unaffected, and all special districts shall continue to exercise all powers, privileges, duties, and functions authorized as of the effective date of this section, except that any power to appoint, nominate, or recommend an appointment to the governing body of a special district possessed by any official of the county of St. Louis or of a municipality immediately prior to the effective date of this section shall be exercised by the mayor, and any other power related to a special district possessed by the county of St. Louis or by a municipality immediately prior to the effective date of this section shall be exercised by the metropolitan city, unless otherwise provided by law or pursuant thereto following the effective date of this section.

(b) Nothing herein shall be construed to prohibit the general assembly from providing by law for the consolidation of special districts made duplicative by the adoption of this section, provided that no such consolidation shall impair any obligation of contract.

10. School Districts and Fire Protection Districts.

(1) Notwithstanding any provision of law or this constitution, nothing herein shall be construed as affecting any school district or school, or any provisions of this constitution or the laws of this state pertaining thereto, and such laws and constitutional provisions shall continue in operation with respect to such school district or school, as if the reorganization adopted pursuant to this section had not occurred, including, without limitation, any law that constitutes the territorial boundaries of any school district based on the territorial boundaries of any municipality.

(2) Notwithstanding any provision of law or this constitution, nothing herein shall be construed as affecting any fire protection district located wholly or partially within the territory in the city of St. Louis or the county of St. Louis immediately prior to the effective date of this section, or any provisions of this constitution or the laws of this state pertaining thereto, and such laws and constitutional provisions shall continue in operation with respect to such fire protection district, as if the reorganization adopted pursuant to this section had not occurred.

11. General Provisions.

(1)(a) Nothing in this section shall be construed to impair any obligation of contract, and the provisions of this section shall be administered so as to preserve and protect any vested rights therein. Any conflict in the provisions of contracts, bonds, franchises, deeds, obligations, and instruments shall be resolved in a manner that shall protect and preserve any vested rights and shall not impair the rights of any parties thereto.

(b) No action shall be taken to impair any contract with or any claim in favor of or against the county of St. Louis or any municipality in existence immediately prior to the effective date of this section or to impair or affect the validity of any outstanding obligation of any kind incurred prior to the effective date of this section.

(c) All actions, causes of action, rights, duties, titles, claims, debts, judgments, recognizances, fines, penalties, forfeitures, and obligations of any kind in favor of or against the county of St. Louis or any municipality as of the effective date of this section shall continue in full force and effect in favor of or against the metropolitan city or a municipal district, as the case may be.

(d) Except as otherwise provided in this section, all matters pending before or under consideration by the county of St. Louis or any municipality immediately prior to the effective date of this section may be acted upon and disposed of as if originated, initiated, or introduced with the metropolitan city or a municipal district, as the case may be.

(e) Notwithstanding any provision of law or this constitution, if the requisite vote of the electors of the county of St. Louis or of any municipality shall have occurred with respect to the issuance of financing obligations prior to the effective date of this section, the metropolitan city or a municipal district, as the case may be, shall have the right to take any and all steps necessary to issue the same, with the same effect as if such actions had been taken by the metropolitan city or a municipal district and as if the vote had been of the requisite vote of the electors of the metropolitan city or the municipal district, as the case may be.

(2)(a) Any employee transferred to the metropolitan city pursuant to this section shall be entitled to continue in service with the metropolitan city, with seniority, rank, compensation, and accrued benefits intact, until otherwise provided by ordinance or order of the metropolitan city. Any rights, protections, and privileges attributed to any such employee by a civil service or similar system shall continue unimpaired with respect to any such employee in a corresponding civil service or similar system of the metropolitan city. Notwithstanding any other provision of

this subsection or law, any employee transferred to the metropolitan city pursuant to this section who was serving as chief, director, commissioner, or similar rank or position as the head of a department or office of a municipality, or any employee who was serving as assistant chief, deputy director, or similar rank or position immediately subordinate to the head of such department or office, shall be entitled to continue in service with the metropolitan city as provided in this subsection, but shall not be entitled to the rank or position as the head of a department or office of the metropolitan city or the immediate subordinate to the head of a department or office of the metropolitan city.

(b) Any employee transferred to the St. Louis Fire Protection District pursuant to this section shall be entitled to continue in service with the St. Louis Fire Protection District, with seniority, rank, compensation, and accrued benefits intact, until otherwise provided by the St. Louis Fire Protection District. Any rights, protections, and privileges attributed to any such employee by a civil service or similar system shall continue unimpaired with respect to any such employee in a corresponding civil service or similar system of the St. Louis Fire Protection District.

(c) Unless otherwise provided by ordinance of the metropolitan city following the transition period, any employee of the metropolitan city previously employed by the county of St. Louis or any municipality, other than the city of St. Louis, who is not a resident of the territory heretofore within the city of St. Louis and who became an employee of the metropolitan city as a result of the adoption of this section, shall be entitled to receive annually from the metropolitan city a refundable tax credit in an amount equal to the amount of taxation collected by the metropolitan city upon the earnings of such employee.

(3)(a) All collective bargaining agreements under negotiation or in existence with the county of St. Louis or any municipality immediately prior to the effective date of this section shall, if being negotiated, continue to be negotiated and, if in existence, continue in effect until the expiration of the terms of such agreements, at which time new agreements shall be negotiated with the metropolitan city, municipal district, or the St. Louis Fire Protection District, as the case may be; provided that, upon the metropolitan city assuming the provision of a general district service, the metropolitan city shall be the sole successor to any existing collective bargaining agreement in effect immediately prior to the effective date of this section between a recognized or certified majority collective bargaining representative and the county of St. Louis or the city of St. Louis related to such general district service. The metropolitan city shall continue to recognize and bargain in good faith with such collective bargaining representatives and shall abide by the terms of any collective bargaining agreement then in effect.

(b) Should the adoption of this section result in the merger of one or more collective bargaining units with another such unit represented by recognized or certified collective bargaining representatives, any disputes concerning such merger with respect to collective bargaining agreements with the city of St. Louis or the county of St. Louis relating to the provision of a general district service assumed by the metropolitan city, including the status of a representative or conflicts between agreements, that cannot be resolved through negotiations shall be submitted to interest arbitration, which shall bind all required parties and which shall be conducted by an experienced labor interest arbitrator mutually selected by the metropolitan city and the affected collective bargaining representatives.

(c) Nothing herein shall be construed to affect, limit, or impair the rights of employees to organize and bargain collectively as provided in article I, section 29 of this constitution, and the provisions of this section shall be construed in harmony therewith.

(4)(a) Nothing herein shall deprive any person of any vested, non-forfeitable, and contractual right or privilege to retire or to retirement or pension benefits, including, without limitation, disability and death benefits, if any, earned prior to the effective date of this section. All vested, non-forfeitable, and contractual rights, protections, and privileges of employees, eligible dependents, and beneficiaries in any retirement fund or pension system related to the county of St. Louis or a municipality as of the effective date of this section shall continue unimpaired until all benefits due such employees, eligible dependents, and beneficiaries have been paid.

(b) Employee members of a retirement fund or pension system who are transferred to the metropolitan city or to the St. Louis Fire Protection District pursuant to this section shall remain members of and continue to earn service credit toward the benefits of such retirement fund or pension system, including, without limitation, disability and death benefits, during their employment with the metropolitan city. The metropolitan city or the St. Louis Fire Protection District, as the case may be, shall contribute proportionately to any such retirement fund or pension system for each such employee member with respect to their employment with the metropolitan city or the St. Louis Fire Protection District as required by law or ordinance, but any contribution or portion thereof attributed to benefits accrued prior to the transfer of such employee to the metropolitan city or to the St. Louis Fire Protection District shall remain an outstanding obligation satisfied solely from funds generated within the territory in which such obligation was incurred as provided in this section, provided that the St. Louis Fire Protection District may assume any such obligation for employees transferred to the district as provided in this section. The metropolitan city, municipal districts, and the St. Louis Municipal Corporation may purchase from an insurance company in accordance with federal fiduciary standards under the Employment Retirement Income Security Act of 1974 or its successor laws, annuities to provide for such retirement or pension benefits as necessary.

(c) Notwithstanding any provision of law or this constitution, the members of the board of trustees or similar governing body for any retirement fund or pension system created prior to the effective date of this section shall continue to hold office until a successor is appointed and serving. The successor for such members who are office holders of a municipality shall be the assessor of the metropolitan city, and the successor for such members who were required to be appointed by any official of a municipality prior to the effective date of this section shall be appointed by the mayor.

(d) Nothing herein shall be construed to prohibit the general assembly from providing by law for the modification of any pension or retirement system created by state law or to prohibit the metropolitan city from providing by charter or ordinance for the modification of any pension or retirement system created by charter or ordinance of a municipality or the county of St. Louis prior to the effective date of this section.

(5) Notwithstanding any provision of law or this constitution, a geographic designation in law or this constitution based upon the territorial boundaries of the county of St. Louis or of any municipality may continue to be construed as the territorial boundaries of the county of St. Louis or the municipality, as the case may be, as such boundaries existed immediately prior to the effective date of this section.

(6) Notwithstanding any provision of law or this constitution, any city, town, or village located partially but not wholly within the territory of the metropolitan city shall remain unaffected by this section, except that its territory located within the metropolitan city shall be detached and annexed to the metropolitan city upon the effective date of this section. The

metropolitan city shall distribute annually to such city, town, or village, funds in an amount equal to the revenues generated within the former territory of such city, town, or village and that would have otherwise been received if the reorganization adopted pursuant to this section had not occurred, until otherwise provided by law. Notwithstanding any provision of law or this constitution, any municipal district with territory outside of the metropolitan city may continue providing or securing the provision of municipal district services within such territory, and the metropolitan city may provide or secure the provision of general district services within such territory, until otherwise provided by law.

(7) Notwithstanding any provision of this section, any charter provision in effect immediately prior to the effective date of this section requiring a public vote related to the sale, lease, or disposition of any real estate designated as a public park shall continue to apply to the territory to which it applied immediately prior to the effective date of this section, until amended in the manner provided in this section for amending the charter of the metropolitan city.

(8) The general assembly may enact such laws as may be necessary and proper to aid in effectuating this section and may regulate the metropolitan city to the same extent and in the same manner as a constitutional charter county or a constitutional charter city.

12. Severability.

(1) The provisions of this section are severable, and if any portion, subsection, sentence, clause, or phrase of this section, or an application thereof to any person or circumstance, is held to be invalid, the remaining portions, subsections, sentences, clauses and phrases, and the application of the section and its provisions to other persons and circumstances, shall not be affected, but shall remain in full force and effect.

[Section 30(a). The people of the city of St. Louis and the people of the county of St. Louis shall have power (1) to consolidate the territories and governments of the city and county into one political subdivision under the municipal government of the city of St. Louis; or, (2) to extend the territorial boundaries of the county so as to embrace the territory within the city and to reorganize and consolidate the county governments of the city and county, and adjust their relations as thus united, and thereafter the city may extend its limits in the manner provided by law for other cities; or, (3) to enlarge the present or future limits of the city by annexing thereto part of the territory of the county, and to confer upon the city exclusive jurisdiction of the territory so annexed to the city; or, (4) to establish a metropolitan district or districts for the functional administration of services common to the area included therein; or, (5) to formulate and adopt any other plan for the partial or complete government of all or any part of the city and the county. The power so given shall be exercised by the vote of the people of the city and county upon a plan prepared by a board of freeholders consisting of nineteen members, nine of whom shall be electors of the city and nine electors of the county and one an elector of some other county. Upon the filing with the officials in general charge of elections in the city of a petition proposing the exercise of the powers hereby granted, signed by registered voters of the city in such number as shall equal three percent of the total vote cast in the city at the last general election for governor, and the certification thereof by the election officials to the mayor, and to the governor, then, within ten days after the certification the mayor shall, with the approval of a majority of the board of aldermen, appoint the city's nine members of the board, not more than five of whom shall be members of or affiliated with the same political party. Each member so appointed shall be given a certificate certifying his appointment signed by the mayor and attested by the seal of the city. Upon the filing with the officials in general charge of elections in the

county of a similar petition signed by registered voters of the county, in such number as shall equal three percent of the total vote cast in the county at the last general election for governor, and the certification thereof by the county election officials to the county supervisor of the county and to the governor, within ten days after the certification, the county supervisor shall, with the approval of a majority of the county council, appoint the county's nine members of the board, not more than five of whom shall be members of or affiliated with the same political party. Each member so appointed shall be given a certificate of his appointment signed by the county supervisor and attested by the seal of the county.]

[Section 30(b). Upon certification of the filing of such similar petitions by the officials in general charge of elections of the city and the county, the governor shall appoint one member of the board who shall be a resident of the state, but shall not reside in either the city or the county, who shall be given a certificate of his appointment signed by the governor and attested by the seal of the state. The freeholders of the city and county shall fix reasonable compensation and expenses for the freeholder appointed by the governor and the cost shall be paid equally by the city and county. The appointment of the board shall be completed within thirty days after the certification of the filing of the petition, and at ten o'clock on the second Monday after their appointment the members of the board shall meet in the chamber of the board of aldermen in the city hall of the city and shall proceed with the discharge of their duties, and shall meet at such other times and places as shall be agreed upon. On the death, resignation or inability of any member of the board to serve, the appointing authority shall select the successor. The board shall prepare and propose a plan for the execution of the powers herein granted and for the adjustment of all matters and issues arising thereunder. The members of the board shall receive no compensation for their services as members, but the necessary expenses of the board shall be paid one-half by the county and one-half by the city on vouchers signed by the chairman of the board. The plan shall be signed in duplicate by the board or a majority thereof, and one copy shall be returned to the officials having general charge of elections in the city, and the other to such officials in the county, within one year after the appointment of the board. Said election officials shall cause separate elections to be held in the city and county, on the day fixed by the freeholders, at which the plan shall be submitted to the qualified voters of the city and county separately. The elections shall not be less than ninety days after the filing of the plan with said officials, and not on or within seventy days of any state or county primary or general election day in the city or county. The plan shall provide for the assessment and taxation of real estate in accordance with the use to which it is being put at the time of the assessment, whether agricultural, industrial or other use, giving due regard to the other provisions of this constitution. If a majority of the qualified electors of the city voting thereon, and a majority of the qualified electors of the county voting thereon at the separate elections shall vote for the plan, then, at such time as shall be prescribed therein, the same shall become the organic law of the territory therein defined, and shall take the place of and supersede all laws, charter provisions and ordinances inconsistent therewith relating to said territory. If the plan be adopted, copies thereof, certified to by said election officials of the city and county, shall be deposited in the office of the secretary of state and recorded in the office of the recorder of deeds for the city, and in the office of the recorder of deeds of the present county, and the courts of this state shall take judicial notice thereof.]

[Section 31. The city of St. Louis, as now existing, is recognized both as a city and as a county unless otherwise changed in accordance with the provisions of this constitution. As a city it shall

continue for city purposes with its present charter, subject to changes and amendments provided by the constitution or by law, and with the powers, organization, rights and privileges permitted by this constitution or by law. As a county, it shall not be required to adopt a county charter but may, except for the office of circuit attorney, amend or revise its present charter to provide for the number, kinds, manner of selection, terms of office and salaries of its county officers, and for the exercise of all powers and duties of counties and county officers prescribed by the constitution and laws of the state.]

[Section 32(a). The charter of the city of St. Louis now existing, or as hereafter amended or revised, may be amended or revised for city or county purposes from time to time by proposals therefor submitted by the lawmaking body of the city to the qualified voters thereof, at a general or special election held at least sixty days after the publication of such proposals, and accepted by three-fifths of the qualified electors voting for or against each of said amendments or revisions so submitted.]

[Section 32(b). In the event of any amendment or revision of the charter of the city of St. Louis which shall reorganize any county office and/or transfer any or all of the duties, powers and functions of any county officer who is then in office, the officer shall serve out the remainder of his or her term, and the amendment or revision of the charter of the city of St. Louis shall take effect, as to such office, upon the expiration of the term of such office holder. In the event of any amendment or revision of the charter of the city of St. Louis which shall reorganize any county office and/or transfer any or all of the duties, powers and functions of any county officer, all of the staff of such office shall be afforded the opportunity to become employees of the city of St. Louis with their individual seniority and compensation unaffected and on such other comparable terms and conditions as may be fair and equitable.]

[Section 32(c). An amendment or revision adopted pursuant to section 32(a) of this article shall not deprive any person of any right or privilege to retire and to retirement benefits, if any, to which he or she was entitled immediately prior to the effective date of that amendment or revision.]

[Section 33. Copies of any new or revised charter of the city of St. Louis or of any amendments to the present, or to any new or revised charter, with a certificate thereto appended, signed by the chief executive and authenticated by the seal of the city, setting forth the submission to and ratification thereof, by the qualified voters of the city shall be made in duplicate, one of which shall be deposited in the office of the secretary of state, and the other, after being recorded in the office of the recorder of deeds of the city, shall be deposited among the archives of the city, and thereafter all courts of this state shall take judicial notice thereof.]

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-042)

Subject

Initiative petition from Christopher Pieper regarding a proposed constitutional amendment to Article VI. (Received February 13, 2019)

Date

March 5, 2019

Description

This proposal would amend Article VI of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Harris-Stowe State University, State Tax Commission, The Metropolitan Police Department - City of St. Louis, St. Louis County Board of Elections, Board of Election Commissioners City of St. Louis, Metropolitan Zoological Park and Museum District, Missouri Municipal League, Municipal League of Metro St. Louis,** the **City of Affton,** the **City of Ballwin,** the **City of**

Bellefontaine Neighbors, the **City of Berkeley,** the **City of Brentwood,** the **City of Bridgeton,** the **City of Chesterfield,** the **City of Clayton,** the **City of Crestwood,** the **City of Creve Coeur,** the **City of Des Peres,** the **City of Eureka,** the **City of Ferguson,** the **City of Florissant,** the **City of Hazelwood,** the **City of Jennings,** the **City of Kirkwood,** the **City of Manchester,** the **City of Maryland Heights,** the **City of Overland,** the **City of Pacific,** the **City of Richmond Heights,** the **City of St. Ann,** the **City of Town and Country,** the **City of University City,** the **City of Webster Groves,** and the **City of Wildwood.**

Matthew A. Jacober, Partner with Lathrop Gage LLP provided information to the State Auditor's office.

Christopher R. Pieper on behalf of Unite STL provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact as a result of the initiative petition.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated they report no fiscal impact.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact to their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated there is no impact to their department regarding this initiative petition. Their department is deferring to the Office of Administration - Budget and Planning for all the technical issues.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they defer to the Department of Revenue for a fiscal impact.

Officials from the **Office of Administration** indicated this proposal amends Article VI of the Missouri Constitution by repealing Sections 30(a), 30(b), 31, 32(a), 32(b), 32(c), and 33 and adopting a new Section 30 which would merge St. Louis City and St. Louis County into one Metropolitan City.

Article VI, Section 30.4(3)(b)
This section would allow the metropolitan city to levy a tax, license, fee, or special assessment solely within the St. Louis Municipal Corporation. Budget and Planning (B&P) notes that if a sales tax is levied, General Revenue could be increased through the 1% Department of Revenue collection fee.

Article VI, Section 30.5(2)(a)
This section clarifies that any taxing structure and tax rate in effect immediately prior to the effective date of this section (January 1, 2021) shall remain in effect until modified by the metropolitan city. In addition, all taxes, fees, and special assessments levied or imposed by St. Louis County or a municipality shall continue as a tax, fee, or special assessment. Therefore, B&P estimates that this provision will not impact state or local revenues.

Article VI, Section 30.5(3)
This section would allow the metropolitan city to levy a tax, license, fee, or special assessment solely within the territory of a municipal district upon voter approval. B&P notes that if a sales tax is levied, General Revenue could be increased through the 1% Department of Revenue collection fee.

Article VI, Section 30.5(7)(b)
This section states that the rate of property tax levied for general county purposes within St. Louis County shall be reduced to yield revenues no greater than half of the amount generated during the prior fiscal year. B&P notes that it is unclear whether this reduction would occur once or every year until the property tax in St. Louis County was abolished. B&P further notes that it is unclear in what tax year the reduction would begin. Section 30 would be enacted January 1, 2021; however, Section 30.5(7)(a) references November 15, 2022 and Section 30.5(7)(c) references January 1, 2023. Therefore, B&P cannot determine whether the property tax reduction would begin January 1, 2021, January 1, 2022, or January 1, 2023. B&P notes that abolishing the property tax for St. Louis County could have a significant negative impact on the revenues available for the newly created metropolitan city.

Section 30.5(7)(b) would only impact the property tax rate and not the assessed valuations of property; therefore, B&P estimates that the Blind Pension Trust Fund (which receives $0.03 per $100 of assessed valuation) will not be impacted.

Article VI, Section 30.5(8)(b)
This section would apply the lowered property tax rate (Section 30.5(7)(b)) of St. Louis County to all property located within St. Louis City. B&P notes that the property tax reduction language in Section 30.5(7)(b) is unclear as to how many reductions should occur. If the property tax rate under Section 30.5(7)(b) is to be decreased until no such property tax exists, then the property tax rate under this section will also decrease until no such tax is levied. B&P notes that this could have a significant negative impact on the revenues available for the newly created metropolitan city. B&P further notes that it is unclear in what tax year the new property tax would begin. Section 30 would be enacted January 1, 2021; however, Section 30.5(8)(a) references January 1, 2024. Therefore, B&P cannot determine whether the property tax reduction would begin January 1, 2021, January 1, 2024, or at the same time as the rate reduction in Section 30.5(7)(b).

Section 30.5(8)(b) would only impact the property tax rate and not the assessed valuations of property; therefore, B&P estimates that the Blind Pension Trust Fund (which receives $0.03 per $100 of assessed valuation) will not be impacted.

Article VI, Section 30.6(2)
Beginning January 1, 2023 Section 30.6(2)(a) allows the metropolitan city to levy a property tax to support the newly created fire protection district.

Beginning January 1, 2024 Section 30.6(2)(b) requires the metropolitan city to lower the rates of other taxes, licenses, and fees levied within the fire protection district to offset the

amount of revenue generated from the property tax created in Section 30.6(2)(a). B&P notes that if sales taxes are reduced as part of this adjustment, General Revenue could be reduced through the 1% Department of Revenue collection fee.

This section would allow the metropolitan city to levy an additional tax for the fire protection district. B&P notes that it is unclear as to what additional tax may be levied and whether additional refers only to an extra property tax levy or the use of other types of taxes. B&P notes that depending on the definition of "additional" the metropolitan city could levy a sales tax for the fire protection district. If the metropolitan district chooses to levy a sales tax, B&P notes that General Revenue could be increased through the 1% Department of Revenue collection fee.

Article VI, Section 30.7(2)(a)

This section states that during the transition period, the metropolitan city shall not submit any questions to voters regarding reauthorizations of any tax initially levied prior to January 1, 2021. B&P notes that this section could impact any sales taxes that require reauthorization during the transition period. If such taxes were to expire, this would reduce local revenues. This could reduce General Revenue by $0 to an unknown minimal amount if this provision results in the loss of funds through the Department of Revenue collection fee.

This section also states that upon the failure to submit the reauthorization of any tax on earnings and payroll, the earnings tax shall be reduced in the manner set out in in law and the payroll tax shall be reduced by $1/20^{th}$ of one percent (or 0.05%) annually until such tax is eliminated. Section 92.125, RSMo, states that the earnings tax shall be reduced by 0.1% annually until the tax is eliminated. B&P notes that the St. Louis City earnings and payroll tax is up for reauthorization in April 2021. Therefore, B&P estimates that the St. Louis City earnings and payroll tax would begin phasing out January 1, 2022 and would be completely eliminated beginning January 1, 2031. B&P notes that nothing prohibits the metropolitan city from authorizing a new earnings and payroll tax after the transition period.

Using data published by St. Louis City[1], B&P determined that the average earnings tax collections from 2013-2017 was $169,061,000 and the average payroll tax collections was $37,977,800. Therefore, B&P estimates that this proposal will reduce metropolitan city revenues by $207.0M ($169,061,000 + $37,977,800) once fully implemented in tax year 2031. The following two tables show the impact to metropolitan city revenues as the earnings and payroll taxes are phased out.

[1] https://www.stlouis-mo.gov/government/departments/comptroller/documents/current-comprehensive-annual-financial-report.cfm, FY17 CAFR – Table 9

Table 1: Impact from Earnings
Tax Phase-Out by Tax Year

Tax Year	Tax Rate	Metropolitan City Impact
2021	1.0%	$0
2022	0.9%	($16,906,100)
2023	0.8%	($33,812,200)
2024	0.7%	($50,718,300)
2025	0.6%	($67,624,400)
2026	0.5%	($84,530,500)
2027	0.4%	($101,436,600)
2028	0.3%	($118,342,700)
2029	0.2%	($135,248,800)
2030	0.1%	($152,154,900)
2031	0.0%	($169,061,000)

Table 2: Impact from Payroll Tax
Phase-Out by Tax Year

Tax Year	Tax Rate	Metropolitan City Impact
2021	0.50%	$0
2022	0.45%	($3,797,780)
2023	0.40%	($7,595,560)
2024	0.35%	($11,393,340)
2025	0.30%	($15,191,120)
2026	0.25%	($18,988,900)
2027	0.20%	($22,786,680)
2028	0.15%	($26,584,460)
2029	0.10%	($30,382,240)
2030	0.05%	($34,180,020)
2031	0.00%	($37,977,800)

Further, B&P notes that some taxpayers claim the amount of earnings tax paid to St. Louis City in their itemized deductions. Based on information provided by the Department of Revenue, B&P determined that 29% of Missouri taxpayers itemize their deductions. However, B&P notes that with the federal tax changes fewer taxpayers are likely to file itemized deductions, which may lower the actual amount of General Revenue received. B&P notes that currently the top rate of Missouri income tax is scheduled to decrease from 5.4% to 5.1% over a number of years depending on General Revenue growth. Therefore, B&P will show the range of impact from this section on General Revenue with a top tax rate of 5.4% and a top tax rate of 5.1%. Table 3 shows the revenue impact to the metropolitan city and General Revenue from the phase-out of the earnings tax.

Table 3: General Revenue Impact from Earnings/Payroll Tax Phase-Out

Tax Year	Metropolitan City Impact (Earnings Tax)	State Fiscal Year	GR Impact (top tax rate 5.4%)	GR Impact (top tax rate 5.1%)
2022	($16,906,100)	2022	$0	$0
2023	($33,812,200)	2023	$265,000	$250,000
2024	($50,718,300)	2024	$529,000	$500,000
2025	($67,624,400)	2025	$794,000	$750,000
2026	($84,530,500)	2026	$1,059,000	$1,000,000
2027	($101,436,600)	2027	$1,324,000	$1,250,000
2028	($118,342,700)	2028	$1,588,000	$1,500,000
2029	($135,248,800)	2029	$1,853,000	$1,750,000
2030	($152,154,900)	2030	$2,118,000	$2,000,000
2031	($169,061,000)	2031	$2,383,000	$2,250,000
2032	($169,061,000)	2032	$2,647,000	$2,500,000

B&P estimates that this provision may increase General Revenue by $250,000 to $265,000 in state FY 2023. Once fully implemented in state FY 2032, this provision may increase General Revenue by $2.5M to $2.6M. B&P notes that the delay in the estimated state impact reflects the lag between a tax year and the annual tax return filing period.

Article VI, Section 30.9

This section states that all special districts shall continue unaffected after January 1, 2021; however, the General Assembly has the ability to consolidate any special districts that have been made duplicative by the merger of St. Louis City and St. Louis County. B&P notes that this could include special taxing districts. The consolidation of special taxing districts could impact local revenues if each district to be consolidated levies a different tax rate. In addition, General Revenue could be impacted by $0 to unknown minimal amount if the amount collected through the Department of Revenue collection fee were to change after consolidation.

Article VI, Section 30.11(2)(b)

This section requires the metropolitan city to provide a refundable tax credit in the amount equal to the amount of earnings taxes paid by a metropolitan city employee who became subject to the city's earning tax as a result of this proposal. Such employee shall not be a resident of St. Louis City. B&P is unable to determine the amount of refundable credits that may have to be paid by the metropolitan city as a result of this section. B&P notes that this section will not directly impact General Revenue, as qualifying employees would not have been subject to the earnings tax without this proposal becoming effective.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated the initiative petition proposes a constitutional amendment to Article VI to modify the current provisions of the Missouri Constitution relating to the consolidation of St. Louis City and St. Louis County.

A resulting conciliation would have impacts as set forth below.

The combining of two circuit courts into one court has never been estimated since the creation of JIS (Justice Information System) and Show-Me Courts. There are many unknown and potential unforeseen circumstances. There are issues related to data conversion, system configuration, application limitations, application interfaces and procedure modification that would need to be considered. This will result in a cost range of at least a minimum of $100,000 to unknown.

These costs will be incurred for the conversion of program based reporting, complete set up of the database, consolidation planning, analysis and combination of court forms, reconciliation of accounts, analysis of court specific developed interfaces, conversion of JIS (Justice Information System), Show-Me Courts and many other unforeseen items.

There will be other potential unknown costs however these will not be known until they begin the conversion process.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from **St. Louis County** indicated:

Honorable Nicole Galloway
State Auditor
Harry S. Truman State Office Building, Room 880
Jefferson City, MO 65101
(573) 751 – 4213 / fiscalnote@auditor.mo.gov

Local Government Agency: St. Louis County Government (MO)

Date: February 22, 2019

FISCAL NOTE RESPONSE: Proposed Constitutional Amendment to Article VI (2020-042) / Initiative Petition 2020-042

Prepared by the Office of the County Executive, St. Louis County

Contact: Jim Benoist – Direct (314) 615-7092 -or- MBenoist@stlouisco.com

FISCAL NOTE RESPONSE: Proposed Constitutional Amendment to Article VI (2020-042) / Initiative Petition 2020-042

Initiative petition 2020-042 would create a new class of government in the State of Missouri, a Metropolitan City, that would encompass the current boundaries of the City of St. Louis and St. Louis County. The new Metropolitan City would replace the current governments of the City of St. Louis and St. Louis County.

As St. Louis County government would be consolidated into the new class of government, initiative petition 2020-042 creates no direct obligation or requirement that would result in a fiscal impact.

However, based upon St. Louis County's knowledge of initiative petition 2020-042, we find financial projections associated with the proposal – in particular, projections pertaining to overall local government savings – to be reasonable and prudent. While detailed financial analysis would be dependent upon future decisions to be made by the new Metropolitan City government, we believe a fair and valid presumption is that economies of scale would be realized through the consolidation of municipal service providers and other municipal government functions.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **City of St. Louis** indicated:

NICOLE GALLOWAY
MISSOURI STATE AUDITOR
State Capitol Room 121
Jefferson City, MO 65101

Initiative Petition: **20-042**

Date: **2/22/2019**
Local Government: **City of St. Louis**

Short Description: **Proposes the merger of the City of St. Louis with St. Louis County and its municipalities.**

Fiscal Impact: **Whereas the City of St. Louis currently operates as a city not within a county, the proposed initiative petition seeks an amendment to the state constitution that would make the City of St. Louis part of a much larger municipal government encompassing St. Louis county and all its municipalities.**

The proposal provides the opportunity for operational savings through significant economies of scale but also eliminates over a ten year period existing major revenue sources in the earnings and payroll tax. A discussion of potential expenditure and revenue considerations of the proposal are discussed below.

Expenditures

Under its current city not within a county status, the City of St. Louis maintains a variety of offices and functions that are typically reserved for county governments. These include court functions, sheriff's office, correctional facilities, assessor, recorder of deeds, board of elections, medical examiner, collector of revenue, license collector and treasurer's offices. The total operating costs of these typical "county" functions totaled nearly $121M in the past fiscal year (FY18). Meanwhile, revenues either generated by these offices or allocated to offset their operating costs for the same period totaled nearly $35M. This left a net annual operating cost of county functions at over $86M . (see attached) While a large portion of these costs are certain to continue regardless of the City's "county" status, the merger into a larger municipal unit of St. Louis County would provide an opportunity to identify potential redundancies and realize economies of scale between the City of St. Louis and St. Louis County operations with the potential for a significant amount of cost savings. Additional economies of scale will also be found within combinations of the more traditional municipal department operations (e.g. Police, Parks, Streets, etc.) The City's existing expenditures related to the Fire Department are to be relegated to a Fire Protection district encompassing the existing boundaries of the City. The funding of this district is to be provided by a property tax levy subject to voter approval. If said levy is approved then other "taxes licenses and fees levied" are to be reduced so as to make this substantially revenue neutral.

Revenues - Earnings & Payroll Tax Elimination

The proposed amendment would preclude the City of St. Louis from seeking continued authorization of the 1% Earnings tax. Typically the next authorization vote would be scheduled in 2021, thus the elimination of the Earnings tax at the rate of 10% per year would begin under this proposal beginning in 2022. It also provides for elimination of the 0.5% City Payroll tax along the same schedule. Combined these two sources of revenue less commissions totaled $211.7M in general revenue in FY18. The loss of revenue would increase in increments over

the next ten years by over $21M per year until the entire amount of revenue is eliminated by 2031. Aside from any benefits from any operational savings described above, revenues from other sources would be necessary to make up this difference. (This does not take into account any additional expenditures related to accelerated payments on previous City debt which while not specified in the amendment has been reported as part of the merger plan.)

Revenues - TIF Considerations

In addition to the revenue amounts discussed above, in FY18 a total of $6.5M in Earnings and Payroll taxes were allocated specifically to TIF and other development agreements. Typically these obligations are to be paid solely from a portion of the economic activity taxes generated by the respective project. The proposed amendment leaves open the issue of how these obligations are to be addressed in light of the proposed changes in tax structure.

Prepared By:

Paul W. Payne
City of St. Louis Budget Director
(314) 622-3514

COST OF COUNTY FUNCTIONS IN CITY OF ST. LOUIS

			FY2018
		EXPENDITURES	
Fund	**Circuit Clerk and Court En Banc**		
1010	311	Circuit Court (General)	9,642,162
1217/1220	311	Civil Courts/Carnahan Bldg Debt	1,649,100
1010	320	Juvenile Detention	15,936,261
1217/1220	320	Juvenile Detention Debt	1,556,500
1010	321	Circuit Drug Court	398,599
			29,182,622
	Other Judicial/Correctional Offices		
1010	312	Circuit Attorney	7,001,939
1116	312	Child Support Unit	1,544,505
1116	312	Contingency/Training/Tax Unit	252,096
1120	312	Enhanced Prosecution	201,914
1010	315	Sheriff	8,788,859
1010	632/633	Corrections (MSI & Justice Center)	37,498,915
1217/1220	633	Corrections Lease Debt	10,719,700
			66,007,928
	County Offices & Functions		
1115	180	Assessor	4,285,166
1010	330	Tax Equalization Board	6,572
1010	333	Recorder of Deeds	2,842,168
1010	334	Board of Election Commissioners	2,304,283
1010	335	Medical Examiner	2,063,355
1010	340	Treasurer (a "county" office but w/city role ?)	746,108
			12,247,652
		County Fee Offices (Pro-Rated to City)	
		Collector of Revenue	4,728,000
		License Collector	1,240,000
			5,968,000
		Total Expenditures	**113,406,202**

COST ALLOCATIONS (Budget)

City Wide Accounts	$199,617
Comptroller City Wide Accounts	340,224
Facilities Management	3,308,261
Information Services	1,966,273
Comptroller's Office	726,196
Equipment Services	132,002
Other	1,018,825
Total Cost Allocations	7,691,398
(Excl Depreciation & Court Admin Included Above)	
	121,097,600

COST OF COUNTY FUNCTIONS IN CITY OF ST. LOUIS

			FY2018
		REVENUES	
Fund	**Circuit Clerk and Court En Banc**		
1010	310	Circuit Clerk	332,059
1010	311	Circuit Court (General)	42,846
1116		Courthouse Restoration	1,144,993
1010	320	Juvenile Detention	1,959,797
1116		Children Services Fund	353,626
			3,833,321
	Other Judicial Offices		
1010	312	Circuit Attorney	130,603
1116	*312*	Child Support Unit	1,549,397
1116	*312*	Contingency/Training/Tax Unit	263,704
1120	*312*	Pub Sfty Trust - Enhanced Pros.	434,423
1010	*315*	Sheriff	884,564
1010	632/633	Corrections (MSI & CJC incl inmate reimb.)	6,959,015
			10,221,706
	County Offices & Functions		
1115	180	Assessor	2,896,575
1010	333	Recorder of Deeds	2,708,768
1010	334	Board of Election Commissioners	723
1010	335	Medical Examiner	8,847
			5,614,913
	Miscellaneous		
		Property Tax (County Purposes)	14,364,772
		Gasoline Tax (County Portion)	630,000
			14,994,772
		Total Revenues	**34,664,712**
		NET COST OF COUNTY FUNCTIONS	**$86,432,888**

Sources: City of St. Louis Budget Division; general ledger and
Comptroller's Annual Reports - cash basis and 2018 Cost Allocation report

Officials from **Wellsville-Middletown R-1 School District** indicated they see no specific fiscal impact of this petition on their school district.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact on their college.

Officials from **Harris-Stowe State University** indicated Harris-Stowe State University traces its origin back to 1857 when it was founded by the St. Louis Public Schools as a normal school and thus became the first public teacher education institution west of the Mississippi River and the 12th such institution in the United States. The earliest predecessor of Harris-Stowe State University was a normal school established for white students only by the Public School System of the city of St. Louis. This school was later named Harris Teachers College in honor of William Torrey Harris who had been a Superintendent of Instruction in the St. Louis Public Schools and also a United States Commissioner of Education.

The College began offering in-service education for St. Louis white teachers as early as 1906. In 1920, Harris Teachers College became a four-year undergraduate institution authorized to grant a Bachelor of Arts in Education Degree.

A second predecessor institution was Stowe Teachers College, which began in 1890 as a normal school for future black teachers of elementary schools in the city of St. Louis. This normal school was also founded by the St. Louis Public School System and was an extension of Sumner High School. In 1924, the Sumner Normal School became a four-year institution with authority to grant the baccalaureate degree. In 1929, its name was changed to Stowe Teachers College, in honor of the abolitionist and novelist Harriet Beecher Stowe. These two teacher education institutions were merged by the Board of Education of the St. Louis Public Schools in 1954 as the first of several steps to integrate the public schools of St. Louis. The merged institution retained the name Harris Teachers College.

Later, in response to the many requests from alumni of Stowe Teachers College and members of the greater St. Louis community, the Board of Education agreed to restore to the College's name the word "Stowe" and to drop the word "Teachers." In 1979, the General Assembly of the State of Missouri enacted Senate Bill 703 under which Harris-Stowe College became the newest member of the State system of public higher education. The institution's name was again changed by the addition of the word "State" and became officially known as Harris-Stowe State College. In addition to the name change, the College's baccalaureate degree was changed to Bachelor of Science in Education. In compliance with the new state standards and teacher certification requirements, the College's Teacher Education curriculum was modified and three separate Teacher Education majors were approved: Early Childhood Education, Elementary School Education and Middle School/High School Education.

In 1981, the College received state approval for a new degree program — the Bachelor of Science in Urban Education. This program is the only one of its kind at the undergraduate level in the United States and is designed to prepare non-teaching urban education

specialists who will be effective in solving the many urban-related problems facing today's urban schools. In 1993, the State Governor signed into law Senate Bill 153, which authorized the College to expand its mission in order to address unmet needs of metropolitan St. Louis in various applied professional disciplines. In response to that authority, Harris-Stowe developed two new baccalaureate degree programs:

1. Business Administration, with professional options in Accounting, Management Information Systems, General Business and Marketing;

2. Secondary Teacher Education, with subject-matter options in Biology, English, Mathematics and Social Studies.

Finally, on August 25, 2005, by mandate of the State of Missouri, Harris-Stowe State College obtained university status. Today the University hosts collaborative graduate degree programs with Maryville University, the University of Missouri-St. Louis and Webster University. The University continues to expand, adding new campuses and buildings as part of its 21st-century initiative to offer opportunities for both undergraduate and graduate students seeking a variety of degrees.

Thus, from its beginnings as two normal schools in the mid and late 19th century to its present status as a state institution of public higher education, Harris-Stowe State University and its predecessor institutions have always been in the forefront of teacher education. Now, with its mission expanded to include other professional disciplines, the University will provide greatly needed additional opportunities to metropolitan St. Louisians in other important fields of endeavor. The University will continue its quest for excellence in all of its offerings and strive even more to meet the complex and demanding challenge of preparing students for effective roles in this region's various professions.

Because of this history and the historic nature of the proposed merger of the City and County of St. Louis, Harris-Stowe State University fiscal impact will be enhanced. Since the various school districts will not be a part of this merger, their recruiting in the City of St. Louis and St. Louis County school districts will continue uninterrupted. It may even increase since the city and the county will see itself as one region rather than separate entities which is similar to their history.

Officials from the **State Tax Commission** indicated the petition provides the current property tax structure, including levies and distribution, will remain in effect after passage and until such time as the governing authority modifies the provisions. The State Tax Commission has reviewed petition 20-042 and determined no fiscal impact.

Officials from **St. Louis County Board of Elections** indicated they believe under this petition that they would need to purchase new voting equipment and software to cover the city's portion of registered voters. This is an estimated cost of $1-3 million. They estimate that if new equipment for the County's voters would cost roughly $10 million, and the City would add about 30% more voters to the population, the total cost for this new equipment would be anywhere from $1-3 million depending on vendors and bids. This estimate is

based on the fact that the St. Louis County Board of Elections would be the new jurisdiction for City voters.

Officials from **Metropolitan Zoological Park and Museum District** indicated based on the information provided, they do not believe the proposed legislation will financially impact the Zoo Museum District.

Officials from the **Municipal League of Metro St. Louis** indicated:

MUNICIPAL LEAGUE
OF METRO ST. LOUIS

LINKING LOCAL COMMUNITIES
STRENGTHENING LOCAL
GOVERNMENT

February 22, 2019
Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, Missouri 65101

RE: Fiscal Note - Petition approval request from Christopher Pieper regarding a proposed constitutional amendment

The Municipal League of Metro St. Louis represent 85 municipalities including St. Louis City and County. The petition as submitted would negatively impact every municipality. The municipalities, which would become municipal district, would no longer be political subdivision of the state but instead a political subdivision of the new Metro St. Louis. The petition gives the new Metro City complete authority over the municipal districts, taxes, services, and zoning. The petition limits the municipal district sources of revenue to property and utility taxes and requires the municipal districts to increase these taxes to cover the loss in sales tax revenue.

The petition will negatively impact all municipalities in St. Louis County by the taking of local sales tax and all revenues associated municipal operations such as courts, police, business licensing and regulations which by current statutes are remitted to cities in St Louis County. There will also be an uncalculatable loss in real property assessed valuation due to the reduction in level of services; the areas in St. Louis County with the highest assessed valuations are serviced by municipalities at the local level; if this petition is approved, the new Metro St. Louis will receive the services at the current level of St. Louis City and unincorporated St. Louis County which have some of the lowest property values.

While the petition also takes away the authority of the cities and responsibilities associated the costs for courts, police, business regulation including zoning, permits and general economic development, the net result will be a substantial deficit for the remaining municipal operations which will require either dissolution or substantial increases in real estate or utility taxes.

While some reduction in service levels and expenses would occur, the cities would be requirement to increase property taxes, gross receipts utility taxes, park & recreation fees and trash service fees to cover the cost of operation that were previously covered by general revenue funds generated by sales tax.

Pat Kelly
Executive Director

1034 S. Brentwood Blvd., Suite 410 • Richmond Heights, MO 63117
Phone: (314) 726-4747 • Fax: (314) 726-1520 • www.stlmuni.org • staff@stlmuni.org

Officials from the **City of Ballwin** indicated it is estimated that this measure would reduce the revenues for their city by $13,528,000. It is estimated to reduce expenses by $11,842,000. These figures are based on their 2019 budget. Because the reduction of revenues is greater than the reduction of costs, services beyond those outlined in the petition would have to be cut or new revenue sources would need to be added.

Under initiative petition 20-042, they anticipate a reduction in revenues of $13,528,000:

Sales taxes $9,626,000
Other intergovernmental taxes $1,917,000
Licenses and permits $1,070,200
Court fines $600,000
Police and communications $219,000
False alarm fines $6,800
Grants $36,000
Miscellaneous $53,000

They anticipate a reduction in costs of $11,842,000:

Police $6,514,000
Public Works personnel $1,561,000
operating expenses $1,954,000
Administration court $170,000
other personnel $924,000
operating expenses $719,000

Without additional revenue sources, remaining public works operations would be cut ($1,180,000) and additional administrative staff.

Officials from the **City of Bellefontaine Neighbors** indicated their annual budget is $4,895,911.00. It is estimated if the proposed merger were to happen their city would lose 73.9% of this amount, or $3,618,078.23. They indicated the proposal as submitted by Better Together will strip their City of St. Louis County sales tax revenue, all revenue associated with their police, courts, business licensing, any permits associated with zoning, leaves no money for Capital Improvements, leaves them with unfunded mandates which will lead to the dissolving of their city as a whole.

Officials from the **City of Berkeley** indicated the proposed amendments to Article VI are projected to decrease the revenue budget for their city by approximately $2,750,000. The effect on the personnel would be a reduction in the current staff of about 70%, which is about 74 jobs. The residents of the city will be impacted directly through the increase in taxes related to the Fire Department becoming part of a district and creating a new tax burden on the community. Funding for local programs for youth and seniors will have to be reduced.

Officials from the **City of Chesterfield** indicated per fiscal note request 20-042, their city, estimates implementing this petition would result in a deficit of $19,039,279 when compared with their city's 2019 budget as passed with a $904,374 surplus. This net decrease of an estimated $19,943,653 results primarily from sales taxes no longer being remitted to the city, offset in part, by the reductions of service cost in the courts, police, and street maintenance. In order to provide the services after the constitutional amendment, the deficit would necessarily be made up by a substantial dedicated real estate and personal property tax and/or a substantial increase in gross receipts taxes on utilities.

Combined Statement of Budgeted Revenues, Expenditures and Changes in Fund Balance - All Funds	**2019** BUDGET	**Petition Modificaton Estimate**	**Post Petition**
REVENUES:			
Property Taxes	$ 460,500	$ (460,500)	$ -
Utility Taxes	6,582,000		$ 6,582,000
Sales Tax	22,609,307	(22,609,307)	$ -
Intergovernmental Taxes	4,390,850	(4,390,850)	$ -
Licenses and Permits	1,586,470	(1,586,470)	$ -
Charges for Services	2,044,261		$ 2,044,261
Court Receipts	692,556	(692,556)	$ -
Other Revenues	907,748		$ 907,748
TOTAL REVENUE	39,273,692	(29,739,683)	9,534,009
EXPENDITURES			
Executive & Legislative	73,525		73,525
Deptartment of Administration			-
City Admin/Econ Dev/Cust Svc	556,419		556,419
Finance and Courts	870,945	(208,193)	662,752
Information Technology	819,863		819,863
Central Services	2,700,019		2,700,019
Police Department	11,082,635	(11,082,635)	-
Director of Public Services			-
Planning and Development	782,786		782,786
Public Works	8,652,539	(3,005,202)	5,647,337
(Garbage Collection)		4,500,000	4,500,000
Parks	8,793,499		8,793,499
Designated Funds Distributions	-		-
Capital Items for All Departments	$4,037,088		4,037,088
TOTAL EXPENDITURES	38,369,318	(9,796,030)	28,573,288
Change in Fund Balance	904,374	(19,943,653)	(19,039,279)

Officials from the **City of Crestwood** provided the following information:

CRESTWOOD

One Detjen Drive
Crestwood, MO 63126
(314) 729-4780

OFFICE OF THE CITY ADMINISTRATOR

February 21, 2019

Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, Missouri 65101

RE: Fiscal Note Regarding Constitutional Amendment to Article VI (2020-039)
City of Crestwood, Missouri

Auditor Galloway:

The State Auditor's Office is required to submit a Fiscal Note and Fiscal Note Summary under Section 116.332 RSMO on all initiative petitions. Please accept the following suggestions for inclusion in the fiscal note as to how this proposal will impact local government in the St. Louis Region. The below example is for the City of Crestwood.

Background

The proposal as presented strips all municipalities from control over sales tax revenues and budgeting. Any revenues associated with courts, police, business licensing and regulations, and roads are subject to the review and approval of a separate government entity. While the proposal also removes from "Municipal Districts" responsibility and costs for courts, police, business regulation including zoning and permits, the savings from these changes are not enough to make up for the expected loss of revenue due to losing control over sales taxes.

In Crestwood's case, the net result of changes proposed in the Constitutional Amendment is a deficit for the surviving Crestwood Municipal District of nearly $3.5 million per year. The Crestwood Municipal District would have no funds for capital improvements, such as maintaining our Government Center or Community Center. Crestwood also operates a Municipal Fire Department, and there would be no funds available for replacing our fire truck and other costly fire department equipment.

The dissolution of the Crestwood Municipal District would mean, among other things, that fire services would cease to be provided to residents of the former Crestwood Municipal District by the Municipal District, and therefore would need to be resumed by

CRESTWOOD

One Detjen Drive
Crestwood, MO 63126
(314) 729-4780

OFFICE OF THE CITY ADMINISTRATOR

some other entity - presumably, a neighboring Fire District. It should be noted that the property taxes for those neighboring districts are higher than that of the City of Crestwood/Crestwood Municipal District. Therefore, the dissolution of the City of Crestwood would likely result in a property tax increase to our residents.

As opposed to dissolution, the Crestwood Municipal District would have to resort to substantial increases to property owners in the surviving Crestwood Municipal District. There are three options: 1) increasing the real estate and personal property tax; 2) increasing the gross receipts taxes on utilities (the costs of which are borne by that utility's customers), or 3) an increase in fees charged by the city for parks and recreation and fire inspections.

Adjusted 2019 Crestwood Budget showing the impact of the Better Together proposal:

Chart 1. Crestwood 2019 Budget and Showing Impact of Better Together Proposal.

2019 Budget	General Fund	Park Fund	Capital Fund	Sewer Lateral Fund
Revenues	9,535,667	1,828,695	1,445,690	139,600
Expenses	9,444,238	1,812,475	1,423,682	135,000
Transfers In (Out)	-	-	-	-
Surplus (Deficit)	91,429	16,220	22,008	4,600

Better Together Proposal	General Fund	Park Fund	Capital Fund	Sewer Lateral Fund
Revenues	3,980,531	654,350	19,000	139,600
Expenses	5,613,664	1,812,475	681,500	135,000
Transfers In (Out)	-	-	-	-
Surplus (Deficit)	(1,633,133)	(1,158,125)	(662,500)	4,600

Footnotes:

1. The "General Fund" comprises the bulk of Crestwood operations, traditionally including police, fire, planning and zoning, public works administration, facilities maintenance staffing, municipal court and administrative services.
2. The above chart is a restatement of what the Crestwood 2019 Annual Budget would look like assuming the Better Together proposal was in effect on January 1, 2019.
3. The only revenue in the Capital Fund would be interest income on the current balance of that fund. The Better Together proposal would require deficit spending in the Capital Fund until that fund's balance were exhausted, thereby eliminating any interest income and effectively terminating this fund.

Even if the Crestwood Municipal District were to increase its authorized property and utility taxes to their statutory maximums, the district could NOT cover the operational deficit created by the Better Together proposal. Below is a chart identifying available additional revenue sources:

CRESTWOOD

One Detjen Drive
Crestwood, MO 63126
(314) 729-4780

OFFICE OF THE CITY ADMINISTRATOR

Chart 2. Additional Revenues Available by Increasing Taxes.

Revenue Source Available	Statutory Maximum	Added Revenue Potential
Real Estate Taxes	1.00	1,156,563
Personal Property Tax	1.00	44,655
Utility Tax Increases	10%	1,018,117

All additional revenue sources generate an estimated $2.2 million per year. As shown in Chart 1 above, Crestwood is facing a deficit of $3.4 million per year. Thus, the Crestwood Municipal District would be left with a $1.2 million deficit. With no other revenue sources available, Crestwood would have to reduce services, by either:

1) Reducing its Parks and Recreation operations (total annual expenditures $1.8 million).
2) Cease all Fire Department operations (total annual expenditures $3.2 million).

Sincerely,

Kris Simpson
City Administrator

Officials from the **City of Des Peres** provided the following information:

February 15, 2019

Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, Missouri 65101

RE: Fiscal Note Regarding Constitutional Amendment to Article VI (2020-042)
City of Des Peres, Missouri

Dear Mrs. Galloway:

Please accept and consider the contents of this letter in drafting your fiscal note for initiative petition #2020-042 required under Section 116.332, RSMO on all initiative petitions. Specific example is given for the impact on the City of Des Peres.

SUMMARY:

The proposal as presented strips all existing municipalities in St Louis County of substantial revenues including sales tax and any revenues associated with courts, police, business licensing and regulations and roads which by current statutes are remitted to cities in St Louis County. While the proposal also strips from cities (now called Municipal Districts) all responsibility and associated costs for courts, police, business regulation including zoning, permits and general economic development, the net result will be a substantial deficit for the remaining municipal district that will require either dissolution or substantial increases in real estate or utility taxes.

In the case of Des Peres, the net result of changes proposed in the Constitutional Amendment is a deficit for the surviving Des Peres Municipal District of nearly $6,000,000 per year with no funds allocated for capital equipment or projects which we expect would need to average $1,000,000 per year for parks, recreation and fire purposes and maintenance of public facilities. (Des Peres currently allocates $2.5 million per year from the capital improvement sales tax for capital equipment and projects with over 50% allocated to streets)

While some reduction in service levels and expenses would likely be appropriate, the end result would be requirement to substantially increase local taxes on the property owners in the surviving Des Peres Municipal District focused on only three options: (1) a substantial real estate and personal property tax); (2) a substantial increase in gross receipts taxes on utilities (passed thru to the underlying customers); or (3) an increase in fees charged by the city the area of trash services and parks & recreation fees.

For purposes of this analysis, we have adjusted the current 2019 Des Peres Budget to show the fiscal impact of Better Together Proposal if it were in place for this year.

2019 Budget	**General Fund**	**Park Fund**	**Operating Budget**	**Capital Budgets**
Revenues	11,833,825	6,269,400	18,103,2225	3,227,055
Expenses	(11,680,947)	(5,133,616)	(16,814,096)	(4,448,055)
Transfers In (Out)	29,000	(1,214,500)	(1,185,500)	1,213,000
Surplus (Deficit)	182,467	(78,816)	101,751	(8,000)
Post Better Together	**General Fund**	**Park Fund**	**Operating Budget**	**Capital Budgets**
Revenues	3,160,447	3,232,400	6,392,847	473,305
Expenses	(6,014,343)	(5,133,616)	(11,147,918)	(2,400,900)
Transfers In (Out)	0	(1,207,000)	(1,207,000)	1,234,500
Surplus (Deficit)	(2,853,896)	(3,108,175)	(5,962,000)	(729,095)

Footnotes:

1. The “General Fund” is a compilation of budgets for the General Fund, Fire Fund and Public Safety Fund
2. This analysis is a restatement of our current budget assuming the Better Together proposal was in effect on January 1, 2019. For purposed of the analysis, the ‘General Fund” also includes revenues and expenses from the Fire Fund and Public Safety Fund since revenues from both of those funds are largely transferred into the General Fund.
3. For purposes of this analysis, transfers out of the Park Fund to the Debt Service Fund ($1,050,000) are not included in the analysis since all outstanding debt for The Lodge will be fully retired in early 2020.
4. The major transfer in 2019 in the Park fund is to our Capital Improvement Fund to finance a large scale capital project to refurbish one of our major parks.
5. Capital Budgets: the city has funded an average of $2.5 million in capital projects per year utilizing a 0.5% capital improvement sales tax. No funds will be available as a dedicated income to the capital fund post Better Together.

The Des Peres Municipal District could cover the operational deficit created by the Better Together petition IF the city were to take all of its authorized taxes for real estate, personal property and gross receipts to their statutory maximums:

Revenue Source Available	Statutory Maximum	Added Revenue Potential
Real Estate Tax	$ 1.00	4,148,734
Personal Property Tax	$ 1.00	451,157
Gross Receipts Tax on Utilities	10.0%	1,563,488
Sanitation Fee	Actual Cost of Service	887,625

Major assumptions used in this analysis are attached hereto as Exhibit “A” along with associated excel spreadsheets using our 2019 budget as our baseline.

If you have any questions regarding our analysis please feel free to contact at 314-835-6110 or by e-mail at dharms@desperesmo.org and I will respond as quickly as possible.

Sincerely,

Douglas J. Harms
City Administrator
City of Des Peres, Missouri

EXHIBIT A
DES PERES, MISSOURI

MAJOR ASSUMPTIONS IN THE ANALYSIS:

REVENUES:

Sales Taxes – currently the city receives the proceeds from a 1.25% general sales tax (shared in St Louis County) that will flow to the new Metropolitan City under the proposal. In addition, the city has imposed a 0.25% Fire Sales Tax, a 0.5% Parks Sales Tax and a 0.5% Capital Sales Tax (shared in St Louis County)

Under the proposal as detailed in the proposed constitutional amendment, all sales and use taxes will go to the new Metropolitan City and no longer to current municipalities. The proposal provides that those taxes remain in place in the areas of the municipal districts and the Metro City shall remit to the municipal district those sales tax revenues necessary to meet outstanding obligations of any kind (which we assume to mean pensions and bonds tied to the revenue source) and may remit any remaining balance to the municipal district as necessary for providing municipal services within the district. Since the pass-thru of sales and use tax is discretionary and associated with a finding of "necessity" by the new Metropolitan City, these projections assume that no pass thru for dedicated sales taxes for municipal services except the Fire Sales Tax since the Metro City is not responsible for any fire services.

Intergovernmental Revenues – are assumed under the proposal to be redirected by the state to the Metro City since the Des Peres Municipal District is not a city under state law. Further, most of the shared revenues from the state are related to transportation – a function defined as a service reserved to the Metro City and not the municipal districts.

Licenses – all business license fees including merchants and liquor licenses are under the proposal the sole jurisdiction and are to be levied by the Metro City and not the municipal districts.

Permits – the proposal provides that all "public works" is reserved to the Metro City and not a function of the municipal district. While that term is not defined in the proposal, the prevailing document for interpretation is the current St Louis County Charter which provides for a Department of Public Works with responsibility for all "permits" which are assumed to include all building and related permits. That revenue, along with the responsibility for those services, would appear to be assigned to the Metro City and not the municipal district

Municipal Court - all municipal court functions are assigned by the proposal to the Metro City and one would then assume that all fines, costs and forfeitures would also flow to the Metro City.

Contracts - Des Peres has a contract with a Community Improvement District to provide additional police protection to West County Center. That contract and related revenue would no longer be collected since municipal districts are not allowed to provide police services.

EXPENSES

The proposal assigns as the sole responsibility of the Metropolitan City certain functions currently provided by the City of Des Peres including police, courts, business licensing and regulation, transportation, public works and economic development. Therefore, it is assumed that 100% of those costs for the city contained in its current budget for both operating and capital purposes will no longer be necessary and the Des Peres Municipal District budget reduced accordingly.

Expenses relating to Fire and EMS services, Parks & Recreation and Solid Waste Collection are retained as municipal district services and the costs associated with each such service are carried forward to the adjusted municipal district budget. In this analysis, the budget for Public Safety is assumed to be split evenly between the Police function and the Fire-EMS function. We believe that assumption not to be true since Des Peres enjoys some economies by having a combined Department of Public Safety with all employees cross trained and utilized in both functions, rather than separate police and fire agencies and expect that the cost of a stand alone Fire-Ems department to be greater than half cost of our current combined department. expect that the cost to operate a stand- alone Fire Department in lieu of our combined Public Safety Department.

I would assume that an additional $750,000 could be reduced from our operations budget due to a 50% in the reduction of administrative costs including general administrative and finance functions supporting operating departments resulting from the service levels to be provided by the successor Des Peres Municipal District.

Pensions – Des Peres Municipal Pension Plan is a 401 Defined Contribution Plan and there are no unfunded pension liability associated therewith to be carried over to the new municipal district. Current obligations are embedded in departmental operations budgets.

Debt Service – for purposes of this analysis, Des Peres current obligations for Debt Service ($1,455,000) in 2019 has been deleted from the analysis since all outstanding debt will be retired in 2020 before the effective date of the proposed reorganization.

Capital Improvements – the City of Des Peres currently receives $2.5 million from the capital improvement sales tax none of which is dedicated to repayment of outstanding general Obligation Bonds or Certificates of Participation. It is assumed that the proceeds from the capital improvement sales tax would not be remitted to the municipal district by Metro City. The adjusted 2019 budget deletes all projects or equipment relating to functions which are transferred to the metropolitan city (the largest of which is transportation and streets) and includes only equipment relating to fire-ems, parks & recreation and maintenance of public buildings being retained by the municipal district.

Officials from the **City of Eureka** indicated they have reviewed the petition regarding Constitutional Amendment to Article VI (2020-042) and determined the estimated costs this measure would have on their city.

The proposal as presented will strip all sales tax revenue not associated with debt from their city. During the FYE (fiscal year end) 2019, their city would lose approximately $2,525,000 of general sales tax, not associated with debt, under the initiative plan. Sales tax revenues fund Administration, Code Enforcement, Economic Development, Police, Court and Public Works. Under the proposed initiative, the Metropolitan City will assume all departments except for Administration. It is budgeted that the Administration Department will expend approximately $1,100,000 on payroll and operating expenses during FYE 2019, which would be funded by real property, personal property and gross tax receipts under the initiative plan. Their city estimated real property, personal property and gross receipt tax receipts are $2,317,000 for FYE 2019. Under the plan, it is unclear if this surplus will be retained by their city for future operating and capital expenses. In the event that there is a deficit, the District could be required to increase local taxes on personal property, real property and gross receipt taxes.

Their city currently receives approximately $1,200,000 from Capital Improvement Sales Tax, of which $685,700 is committed to paying off debt for Water System Enhancements and the Timbers Recreation Center. The remainder is used to fund capital expenditures such as vehicles, equipment, storm water management, Parks Department projects and Water and Sewer Department projects. The loss of this revenue will impact the water and sewer systems and the Park Department as noted below.

Their city operates a water and sewer system. The revenues and expenditures are recorded in two Enterprise Funds. It is projected that the water and sewer system Enterprise Funds will have to be subsidized by the General Fund in FYE 2021. Under the initiative petition, it is unclear how their city could subsidize the shortfall, if at all. The Capital Improvement Sales Tax funds capital improvements and major repairs to infrastructure of the water and sewer systems. The loss of the Capital Improvement Sales Tax not associated with debt would prohibit capital improvement projects and major repairs to the water and sewer systems. It is possible that the water and sewer systems would have to be sold, creating a loss of service or significant rate increases to the residents of their city.

The Parks Department will require a transfer beginning in FYE 2020 from the Capital Sales Tax fund to fund capital projects in the amount of $500,000. This transfer is considered in perpetuity. With the loss of this sales tax, the Parks Department would not be able to maintain or upgrade capital items. This would likely result in a loss of service or increased fees to the residents of their city or the Park Department being absorbed by the Metropolitan City.

There are other costs that are not easily measured. Under the plan, the Metropolitan City would assume all of the assets of their city. This will eliminate most to their city's balance sheet creating an unstable financial position. This could result in an elimination or withdraw of bond rating and higher borrowing costs. Since it is unclear how outstanding

obligations are to be handled, the sources of revenues described in the Official Statement will change, and management of their city's finances and economic development described in the Official Statement will change, making their city vulnerable to investor litigation.

This initiative would eliminate any control their city would have over economic development. Costs associated with the loss of economic development cannot be identified at this time.

Officials from the **City of Ferguson** indicated the city recognizes under state statute it is the responsibility of the MSAO (Missouri State Auditor's office) to provide a fiscal note and summary to the attorney general. That said the ambiguity and lack of specificity incorporated into the proposed constitutional amended preclude the assembly or computation of ANY reasonable response. The lack of specificity as to directed, special use sales taxes (e.g., fire, parks and storm water, capital improvement and economic development) makes any analysis impossible; unequivocally, plain and simply.

As an example the amendment specifies only three sources of revenue available to the municipal district: property taxes, franchise taxes and licenses and fees. Absent from that list is sales taxes. The city specifically has a sales tax that barely supports its extensive parks and recreation system. Loss of that tax would result in the loss of its parks system.

Officials from the **City of Florissant** indicated:

They attached an Op-Ed that they wrote that was published in the St. Louis Post-Dispatch editorial section on Thursday February 7 which will give a good idea of their objection to the success of the petition. They would also like to direct attention to an Op-Ed that was published in the Post-Dispatch on February 13, 2019 by St. Louis County Councilman and former St. Louis County Police Chief Tim Fitch which concludes that the City of Saint Louis and their region would be far better off if St. Louis would resolve their $1.6 billion dollar debt by declaring bankruptcy like Detroit did not long ago rather than pull the St. Louis County down in their hole with them. Detroit is reportedly experiencing a renaissance since declaring bankruptcy.

If this petition with its devastating proposal is successful it could result in a statewide vote to strip Florissant and all municipalities in St. Louis County of their sovereignty by taking away what makes them a city including their Police Department and Public Works Department leaving them with only their Parks Department. This proposal would also strip them of their major sources of revenue but leave them with all of their debt and pension obligations that their city and residents would still have to pay.

This concept is predicted to fail miserably in St. Louis and St. Louis County so if it were to pass in the rest of the state by more votes than it fails where it affects people then the result would be a hostile takeover of our home by outsiders and would amount to taxation without representation.

An alternate petition is being sponsored by the Municipal League of Metro St. Louis which would create a Board of Freeholders to be created to mandate public hearings to obtain

open input from only the residents of St. Louis and St. Louis County in order to contemplate changes in the governance of our Metropolitan Area. The Board of Freeholders would then decide what to place before the voters affected and would not ask the entire state to weigh in.

These matters were discussed at length at the Missouri Municipal League Legislative Conference and everyone in attendance felt that the Better Together proposal was an affront to democracy. Immediately after the conclusion of the conference the Missouri Mayors United for Progress unanimously passed a resolution opposing the Better Together statewide vote and endorsed the Municipal League of Metro St. Louis initiative to collect the necessary signatures to create a Board of Electors (Freeholders) to openly discuss potential changes to governance structures in St. Louis County and City.

Many feel that the extremely wealthy people who fund this and other hostile efforts to mold governance to their whims, especially when done outside the open public hearing format, are a threat to our State and to the Republic of the United States!

MAYOR THOMAS P. SCHNEIDER COMMENTS ON BETTER TOGETHER SIGNATURE PETITION THREAT THAT WOULD TERMINATE 233 YEARS OF FLORISSANT SOVEREIGNTY. February 1, 2019

Florissant is the oldest and largest city in St. Louis County and only St. Genevieve, St. Louis and St. Charles are older in the entire Louisiana Purchase Territory. Founded by the Spanish Governor of the Louisiana Territory in 1786 Florissant is older than St. Louis County, older than State of Missouri, and even a few years older than the Constitution of the United States. We have been a sovereign community under three countries, Spain, France or the United States for 233 years. We appreciate our long history as a sovereign city and wish it to continue for another 233 years.

We would like to continue to be protected by Police who we know and trust. The award winning Florissant Police Department is one of the best law enforcement agencies anywhere and was one of the first to receive the gold standard in public safety, the CALEA certification from The Commission on Accreditation for Law Enforcement Agencies. Other agencies including the County and City Police Departments have always had the highest respect and have tried to emulate our department. The Florissant Police department is our most valuable asset and is highly appreciated by our residents and is also one of reasons why many investors continue to locate and develop their business in Florissant.

We would prefer to maintain our streets, bridges, sidewalks and other infrastructure rather than surrender it to the Better Together Mega Metro. Florissant has a very proactive Public Works Department which has been validated by our voters with additional revenue to continue proven programs to maintain and systematically rebuild our streets and sidewalks. We are way ahead of the curve compared to the rest of the nation in that we have been systematically replacing our bridges and culverts for more than 40 years ever since I served under Mayor Eagan as City Engineer 1976-1978.

We want to participate in a conversation on how to be a part of a more competitive Metropolitan area but neither myself as Mayor or our City Council Members were asked by Better Together for our opinions nor were we consulted by the County Executive or the St. Louis Mayor despite the fact that we are acquainted and have been in the same room at the same time many times.

We find it contradictory and puzzling that one day the editorial page of the Post-Dispatch laments the dysfunction of St. Louis City or County or their chief executives or their law enforcement agencies one day and the next day's editorial page proclaims that everyone should happily embrace the idea of a Statewide vote to create a one size fits all mega government controlled by the remotest of leaders.

We think any regional decisions on governance change should be made by the citizens that would be affected. We would be reluctant to entertain the idea of voting to compromise the sovereignty or the method of governing of Rolla, Poplar Bluff, Independence, Springfield, and Hannibal et al. It is hoped that the information in the 160 page Better Together report and other reports such as the 25 page report prepared by UMSL's Terry Jones in 2014 entitled "TOWARD REGIONALISM: THE ST. LOUIS APROACH" and other relevant material such as the written position of SLACMA (St. Louis Area Police Chiefs Association) will be useful to the forthcoming Board of Freeholders.

We support and will participate in the initiative of the Municipal League of Metro St. Louis to collect the necessary signatures to enable a Board of Freeholders (also called Board of Electors) to be formed who will be mandated to hold open public meetings and hearings so that the will of the citizens can be heard in open dialogue and testimony. Open to the public discussions have been a bed rock traditional in our Republic called the United States of America for about as long as Florissant has been a sovereign city.

Officials from the **City of Hazelwood** indicated their city applied the assertions of the proposal to their FY2019 Budget. Based on that analysis they determined that:

Revenue Lost: $19,152,000
Costs Eliminated: $14,600,000

Net Loss to the City: $4,552,000

These figures would be on an annual basis.

The analysis that they performed to determine their response is in the following financial information. All of the figures presented were taken from the City of Hazelwood Budget for the FYE ended June 30, 2019.

City of Hazelwood

Revenues lost to Municipal City		Costs turned over to Metropolitan City		
General Fund				
1% Sales Tax A	1,948,430	Police	8,483,044	
1% Sales Tax B	1,800,386			
Park and Stormwater	1,698,218	City Manager	623,361	
Use Tax	1,532,249	City Manager	(137,363)	Keep
Fire Sales Tax	847,277	Benefits	(41,209)	Keep
1/4% Local Sales Tax	701,059	Other Expense (est)	(31,000)	Keep
1/2% Public Safety Sales Tax	1,200,000			
Hotel/Motel Tax	226,649	Information Systems		
		1 employee	61,399	
Cigarette Tax	71,679	Benefits	18,420	
Gasoline Tax	693,418			
Road & Bridge Refund	492,422	Public Works Admin	1,313,270	
Vehicle Fee Increases	112,726			
Misc Intergovernmental	231,726			
State Grants	85,450	Streets	995,735	
Other Grants	110,886			
		Finance		
Building	384,942	2 Employees	106,579	
Occupancy	185,723	Benefits	31,974	
Land Disturbance Permit	5,500			
Nuisance Properties/Vacant	45,000	City Clerk		
Manufacturers	1,270,683	ACC	49,420	
Service	1,162,925	Benefits	14,826	
Merchants	609,317			
Liquor	11,500			
Coin Device	2,740	Legal	436,864	
Franchises	239,305	City Attorney	(185,000)	Keep
		Labor Attorney	(18,000)	Keep
Court Fines	542,458	Prosecutor	25,000	
Fines-Training	15,103			
Penalties (Lic. & Prop)	9,972	Court	214,740	
Investment (one half budget)	26,000			
Miscellaneous, Other	114,031			
Court Card Fees	3,200			
P-Card Fees	1,300		11,962,060	
ePayables Rebate	3,300			
Guaranty Assessment	130,000			
	16,515,574			
Economic Development	1,653,276		1,653,276	
	(142,358)	Less Debt Service	(142,358)	Keep
Capital Improvement	1,676,874		1,676,874	
	(551,194)	Less Debt Service	(551,194)	Keep
Revenues	19,152,172		14,598,658	
Revenues Lose	(19,152,172)			
Expenditures removed	14,598,658			
Net	(4,553,515)			

Officials from the **City of Kirkwood** indicated:

WHERE COMMUNITY AND SPIRIT MEET

February 25, 2019

Honorable Nicole Galloway
State Auditor
State Capital Building
Jefferson City, Mo 65101

RE: Fiscal Note regarding Constitutional amendment (20-042) City of Kirkwood, Missouri

Dear Ms. Galloway:

I understand that the State Auditor's Office is required to submit a Fiscal Note and Fiscal Note Summary under section 116.332 RSMO on all initiative petitions. Please accept the following suggestions for inclusion in the fiscal note as to how this proposal will impact local government in the St. Louis region. Specific example is for the City of Kirkwood.

SUMMARY:

The proposal as presented strips all existing municipalities in St. Louis Count of substantial revenues including sales taxes and any revenues associated with courts, police, business licenses, and regulations and roads which by current statutes are remitted to cities in St. Louis County . While the proposal also strips from cities (now called Municipal Districts) all responsibility and associated costs for court, police, business regulation including zoning, permits and general economic development, the net result will be a substantial deficit for the remaining municipal district that may require service reductions and/or substantial increases in real state or utility taxes.

In the case of Kirkwood, the net result of the changes proposed in the Constitutional Amendment is a deficit for the surviving Kirkwood Municipal District of nearly $2,144,551 per year with no funds allocated for capital equipment or projects. (Kirkwood currently allocates $4.7 million per year from the capital improvement sales taxes for capital equipment and projects) Post Better Together we will not have the

funding for crucial capital equipment. For example in our fire department we have scheduled replacements of ambulances and fire rescue pumpers. Post Better Together leaves us with the responsibility of fire rescue and emergency response with no funding for any of the equipment needed for this operation.

While some reduction in service levels and expenses would be appropriate, the end result would be requirement to substantially increase local taxes on the property owner's in the surviving Kirkwood Municipal District focused on three options: 1) a substantial real estate and personal property tax; 2) a substantial increase in gross receipts taxes on utilities (passed thru to the underlying customer); an increase in the fees charged by the Kirkwood Municipal District for parks & recreation fees.

2019/2020 Budget	General Fund	Capital Improvement	Parks/Stormwater Capital	Park Fund
Revenues	23,182,471	6,299,750	2,644,822	2,024,532
Expenses	24,994,874	5,687,796	2,010,687	1,673,874
Transfers IN (Out)	2,055,489	1,966,845	(1,030,000)	621,120
Surplus/(Deficit)	243,086	2,578,799	(395,865)	971,778
Post Better Together	**General Fund**	**Capital Improvement**	**Parks/Stormwater Capital**	**Park Fund**
Revenues	13,094,960	-	1,318,307	1,474,532
Expenses	15,040,169	-	1,318,307	1,673,874
Transfers IN (Out)	-	-	-	71,120
Surplus/(Deficit)	(1,945,209)	-	-	(199,342)

1. Expenses in pre Better Together 2019/2020 General Fund are estimated at 95% of budgeted amount.

2. Parks/Stormwater monies(post Better Together) are for debt service

3. Kirkwood's capital improvement and parks/stormwater capital improvement sales taxes will no longer be available post Better Together.

4. Park Fund would lose a transfer from the Parks/Stormwater Fund (post Better Together) in the amount of $550,000

The Kirkwood Municipal District to cover our proposed post Better Together deficit would need a substantial increase in real estate taxes and/or utility gross receipts taxes.

If you have any questions regarding the City of Kirkwood's analysis please call me at 314-822-5833 or e-mail me at adamsjr@kirkwoodmo.org.

Sincerely,

John Adams

John Adams
Director of Finance
City of Kirkwood
139 S. Kirkwood Rd
Kirkwood, MO 63122

Officials from the **City of Manchester** indicated:

MANCHESTER

2019 Annual Budget

Combined Statement of Budgeted Revenues, Expenditures and Changes in Fund Balance - All Funds	2019 Budget	Petition Modification Estimate	Post Petition
REVENUES:			
Property Taxes	$ 2,632,132	$ (307,000)	$ 2,325,132
Sales Taxes	$ 14,070,000	$ (8,900,000)	$ 5,170,000
Utility Taxes	$ 1,635,000		$ 1,635,000
Intergovernmental Taxes	$ 2,387,000	$ (2,387,000)	$ -
Licenses and Permits	$ 471,950	$ (471,950)	$ -
Charges for Servcies	$ 433,924		$ 433,924
Court Receipts	$ 230,000	$ (230,000)	$ -
Other Revenues	$ 339,800		$ 339,800
TOTAL REVENUE	$ 22,199,806	$ (12,295,950)	$ 9,903,856
EXPENDITURES:			
Boards & Commissions	$ 63,625		$ 63,625
City Administration	$ 619,964		$ 619,964
Finance	$ 622,656		$ 622,656
Information Technology	$ 282,050		$ 282,050
Police Department	$ 3,986,275	$ (3,986,275)	$ -
Parks			$ -
Parks & Rec	$ 954,187		$ 954,187
Aquatics	$ 347,600		$ 347,600
Arts	$ 28,515		$ 28,515
Public Works	$ 2,731,245	$ (1,931,245)	$ 800,000
(Garbage Collection)		$ 932,800	$ 932,800
Planning & Zoning	$ 319,032	$ (119,032)	$ 200,000
Legal/Courts	$ 254,155	$ (254,155)	$ -
Capital Items for All Departments	$ 9,245,074		$ 9,245,074
Debt Service	$ 913,833		$ 913,833
Tax Increment Financing	$ 6,894,660		$ 6,894,660
TOTAL EXPENDITURES	$ 27,262,871	$ (5,357,907)	$ 21,904,964
Change in Fund Balance	$ (5,063,065)	$ (6,938,043)	$ (12,001,108)

Officials from the **City of Maryland Heights** indicated:

City of
MARYLAND HEIGHTS
11911 Dorsett Road · Maryland Heights, MO · 63043
t: (314) 291-6550 · f: (314) 291-7457
www.marylandheights.com

February 22, 2019

Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, Missouri 65101

RE: Fiscal note regarding Constitutional Amendment to Article VI (2020-042)
City of Maryland Heights, Missouri

Dear Mrs. Galloway:

It is my understanding the Missouri State Auditor's Office is required to submit a fiscal Note and fiscal note summary under Section 116.332, RsMO on all initiative petitions. Please consider the following response for inclusion.

SUMMARY OF IMPACT
The proposed constitutional amendment strips all existing municipalities in St. Louis County of substantial revenues including gaming taxes and sales taxes and all revenues associated with courts, business licenses and various shared taxes and grants. The proposal also eliminates all authority and responsibility and related costs for infrastructure (roads, bridges, sidewalks, streetlights) maintenance, police services, court, business regulation including zoning, building permits and economic development. Presumably the City (to be renamed Municipal District) would continue to provide Parks and Recreation services and Trash Hauling but be limited to funding these services with property taxes (the City currently levies none) and utility gross receipts taxes. Further, the City would continue to be responsible for debt incurred prior to the effective date and any enterprise activities.

The impact on Maryland Heights would be a reduction in annual revenues to the General Fund of about $19.6 million (from $24.7 million to $5.1 million). Expenditures would be reduced by $20.8 million. The Park Fund would experience a reduction of $3.7 million in sales tax revenues with no reduction in expenditures in order to maintain the current level of services. The City currently uses 30% of Gaming taxes to fund capital improvements; the proposal would eliminate the funding of $3 million annually. Other services funded by specific taxes (tourism, sewer lateral repair, streetlights) would be eliminated totaling $1.2 million annually.

BOTTOM LINE

Total current annual revenues (all funds) would be reduced by over $27.5 million. Annual expenditures would be reduced $22 million not including capital improvements.

In order to continue to provide the current level of services related to trash collection and parks the City would have an annual shortfall of $1.8 million.

Further, the City would no longer provide services that will be shifted to the new entity for police, infrastructure maintenance, capital improvements, planning and zoning, economic development, code enforcement, sewer lateral repair, streetlights and tourism.

Sincerely,

James S. Krischke
City Administrator

Officials from the **City of Overland** indicated:

CITY OF OVERLAND
9119 Lackland Road, Overland Mo 63114

February 21, 2019

Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, Missouri 65101

RE: Fiscal Note Regarding Constitutional Amendment to Article VI (2020-042)
City of Overland, Missouri

Dear Mrs. Galloway:

Please accept and consider the contents of this letter in drafting your fiscal note for initiative petition #2020-042 required under Section 116.332, RSMO on all initiative petitions. Specific example is given for the impact on the City of Overland.

SUMMARY:

The proposal as presented strips all existing municipalities in St Louis County of substantial revenues including sales tax and any revenues associated with courts, police, business licensing and regulations and roads which by current statutes are remitted to cities in St Louis County. While the proposal also strips from cities (now called Municipal Districts) all responsibility and associated costs for courts, police, business regulation including zoning, permits and general economic development, the net result will be a substantial deficit for the remaining municipal district that will require either dissolution or substantial increases in real estate or utility taxes.

In the case of the City of Overland, the net result of changes proposed in the Constitutional Amendment is a ***deficit*** for the surviving Overland Municipal District of approximately $362,767.00, across all funds, per year with no funds allocated for capital equipment or projects. We would anticipate the need to average $330,000.00 per year for parks, recreation and maintenance of public facilities. Overland currently allocates approximately $950,000.00 per year from the capital improvement sales tax for capital equipment and projects with over 50% allocated to streets.

While some reduction in service levels and expenses would likely be appropriate, the end result would require a significant increase in local taxes on the property owners or an increase in fees for the user of our parks and recreation facilities. Potential areas of increase would be limited to only three options: (1) a substantial real estate and personal property tax); (2) a substantial increase in gross receipts taxes on utilities (passed thru to the underlying customers); or (3) an increase in fees charged by the city related to parks & recreation fees.

For purposes of this analysis, we have adjusted the current FY 18/19 Overland Budget to show the fiscal impact of Better Together Proposal if it were in place for this year.

FY 18/19 Budget

Current	General Fund	Park Fund	Cap. Imp. Fund	Total
Revenues	$8,566,045.00	$1,000,100.00	$950,100.00	$10,516,245.00
Expenses	$8,517,933.00	$990,390.00	$794,700.00	$10,303,023.00
Surplus (Deficit)	**$48,112.00**	**$9,710.00**	**$155,400.00**	**$213,222.00**

After BT	General Fund	Park Fund	Cap. Imp. Fund	Total
Revenues	$2,580,475.00	$0.00	$0.00	$2,580,475.00
Expenses	$1,627,617.00	$979,625.00	$336,000.00	$2,943,242.00
Surplus (Deficit)	**$952,858.00**	**($979,625.00)**	**($336,000.00)**	**($362,767.00)**

Footnotes:

1. This analysis is a restatement of our current FY 18/19 Budgets assuming the Better Together proposal was in effect on July 1, 2018.
2. The General Fund is used to account for all general operating expenses for all departments except for the Parks and Recreation Department, Community Center, Summer Youth Program and building maintenance at 2500 Ashby Road.
3. The Park Fund is used to account for all expenses related to the Parks and Recreation Department, Community Center, Summer Youth Program and building maintenance at 2500 Ashby Road.
4. Post Better Together, all expenses related to Parks and Recreation Department, Community Center, Summer Youth Program and building maintenance at 2500 Ashby Road would have to be paid for out of the General Fund as revenue from the Parks Sales Tax would go to the Metro City not the Overland Municipal District.
5. Capital Budgets: the city has funded an average of $950,000.00 in capital projects per year utilizing a 0.5% capital improvement sales tax. No funds will be available as a dedicated income to the capital fund post Better Together.

Major assumptions used in this analysis are attached hereto as Exhibit "A" along with associated excel spreadsheets using our FY 18/19 budget as our baseline.

If you have any questions regarding this analysis, please feel free to contact me at (314) 227-2911 or by e-mail at jmcconachie@overlandmo.org.

Sincerely,

Jason McConachie
City Administrator
City of Overland, Missouri

CITY OF OVERLAND
9119 Lackland Road, Overland Mo 63114

EXHIBIT A

MAJOR ASSUMPTIONS IN THE ANALYSIS:

REVENUES:

Sales Taxes – Currently the city receives revenue from a 1.25% general sales tax (shared in St Louis County), a 0.5% Parks Sales Tax and a 0.5% Capital Sales Tax (shared in St Louis County).

Under the proposed constitutional amendment, all sales and use taxes will go to the new Metropolitan City and no longer to current municipalities. The proposal provides that those taxes remain in place in the areas of the municipal districts and the Metro City shall remit to the municipal district those sales tax revenues necessary to meet outstanding obligations of any kind (which we assume to mean pensions and bonds tied to the revenue source) and may remit any remaining balance to the municipal district as necessary for providing municipal services within the district. Since the pass-thru of sales and use tax is discretionary and associated with a finding of "necessity" by the new Metropolitan City, these projections assume that no pass thru for dedicated sales taxes for municipal services.

Utility Taxes – Assumes no decrease or rate cap in Utility Tax Rates in future years. The concept of a reduction or a rate cap routinely seems to be a topic of discussion by the Missouri General Assembly. Any reduction or rate cap below our current rates would result in a reduction in revenue for the Municipal District.

Intergovernmental Revenues – are assumed under the proposal to be redirected by the state to the Metro City since the Overland Municipal District is not a city under state law. Further, most of the shared revenues from the state are related to transportation – a function defined as a service reserved to the Metro City and not the municipal districts.

Licenses – all business license fees including merchants and liquor licenses are under the proposal the sole jurisdiction and are to be levied by the Metro City and not the municipal districts.

Permits – the proposal provides that all "public works" is reserved to the Metro City and not a function of the municipal district. While that term is not defined in the proposal, the prevailing document for interpretation is the current St Louis County Charter which provides for a Department of Public Works with responsibility for all "permits" which are assumed to include all building and related permits. That revenue, along with the responsibility for those services, would appear to be assigned to the Metro City and not the municipal district

Municipal Court - all municipal court functions are assigned by the proposal to the Metro City and one would then assume that all fines, costs and forfeitures would also flow to the Metro City.

EXPENSES:

The proposal assigns as the sole responsibility of the Metropolitan City certain functions currently provided by the City of Overland including police, courts, business licensing and regulation, transportation, public works and economic development. Therefore, it is assumed that 100% of those costs for the city contained in its current budget for both operating and capital purposes will no longer be necessary and the Overland Municipal District budget reduced accordingly.

Expenses relating to Administration, Finance, MIS and Parks & Recreation and pension obligations are retained as municipal district services and the costs associated with each such service are carried forward to the adjusted municipal district budget. One can assume that additional reductions related to Administration, Finance, MIS and Parks & Recreation may occur in the future, however given that the proposal does not address a multitude of operational issues of the new metro city, those assumptions have not been incorporated into this analysis.

Pensions – The City of Overland maintains both a non-uniform and uniform (Police) pension plans. The Non-Uniform Pension Plan is funded through General Fund revenues of the City at a cost of approximately $500,000.00 per year. The Uniform Pension Plan is funded through a dedicated property tax at a cost of approximately $650,000.00 per year.

While the proposal addresses the issue of a dedicated property tax for pension obligations, it does not address the issue of the use of General Fund Revenues for such pension obligations. The analysis assumes no reimbursement of the Overland Metro District for pension obligations that have historically been paid for out of the General Fund.

Capital Improvements – the City Overland currently receives approximately $950,000.00 from the capital improvement sales tax. It is assumed that the proceeds from the capital improvement sales tax would not be remitted to the municipal district by Metro City. The adjusted FY 18/19 Budget deletes all projects or equipment relating to functions which are transferred to the metropolitan city (the largest of which is transportation and streets) and includes only equipment relating to street lights, parks & recreation and maintenance of public buildings being retained by the municipal district.

Parks Sales Tax – The City currently receives approximately $1,000,000.00 from the Parks Sales Tax. It is assumed that the proceeds from the Parks Sales Tax would not be remitted to the municipal district by Metro City. The adjusted FY 18/19 Budget transfers all expenses currently accounted for the in the Park Fund to the General Fund. Those expenses include costs associated with the operation of the Parks Department, Community Center, and maintenance of 2500 Ashby Road. Expenses related to the Summer Youth Program that are previously accounted for in the Park Fund would be eliminated.

REVENUES

General Fund

Description	FY 18/19 Budget	After BT	Difference
Taxes			
Total Sale Taxes - General	$3,350,000.00	$0.00	($3,350,000.00)
Total Property Taxes - General	$160,000.00	$160,000.00	$0.00
Taxes - Total	**$3,510,000.00**	**$160,000.00**	**($3,350,000.00)**
Intergovernmental			
Total Motor Vehicle Taxes - General	$200,000.00	$0.00	($200,000.00)
Total Gasoline Tax - General	$425,000.00	$0.00	($425,000.00)
Total Cigarette Tax - General	$62,000.00	$0.00	($62,000.00)
Total Road & Bridge Tax - General	$213,000.00	$0.00	($213,000.00)
Intergovernmental - Total	**$900,000.00**	**$0.00**	**($900,000.00)**
Franchise Fees			
Total Utilities Tax - General	$2,053,255.00	$2,053,255.00	$0.00
Total Cable Tax - General	$155,000.00	$155,000.00	$0.00
Franchise Fees - Total	**$2,208,255.00**	**$2,208,255.00**	**$0.00**
Licenses			
Total Merchant Licenses- General	$442,000.00	$0.00	($442,000.00)
Total Manufacturers Licenses - General	$575,000.00	$0.00	($575,000.00)
Total Restaurant Licenses - General	$17,000.00	$0.00	($17,000.00)
Total Warehouses Licenses - General	$99,000.00	$0.00	($99,000.00)
Total Liquor Licenses - General	$24,000.00	$0.00	($24,000.00)
Total Miscellaneous Licenses - General	$66,570.00	$0.00	($66,570.00)
	$1,223,570.00	**$0.00**	**($1,223,570.00)**
Permits			
Total License Public Works - General	$8,000.00	$0.00	($8,000.00)
Total Permits Public Works - General	$165,000.00	$0.00	($165,000.00)
Total Misc Public Works - General	$17,000.00	$0.00	($17,000.00)
Permits - Total	$190,000.00	$0.00	($190,000.00)
Other Income			
Total Community Center - General	$127,245.00	$127,245.00	$0.00
Total Municipal Court - General	$209,987.00	$0.00	($209,987.00)
Total Grants - General	$43,585.00	$0.00	($43,585.00)
Total Property Lease - General	$37,000.00	$0.00	($37,000.00)
Total Right of way Usage - General	$25,000.00	$0.00	($25,000.00)
Total Parks & Rec - General	$38,714.00	$34,000.00	($4,714.00)
Total Miscellaneous - General	$50,689.00	$48,975.00	($1,714.00)
Total Investment Income - General	$2,000.00	$2,000.00	$0.00
Other Income - Total	$534,220.00	$212,220.00	($322,000.00)
General Fund - Total	**$8,566,045.00**	**$2,580,475.00**	**($5,985,570.00)**

Capital Improvement Fund			
Total Capital Improvement Fund	$950,100.00	$0.00	($950,000.00)
Park Fund (Park Sales Tax)			
Total Park Fund	$1,000,100.00	$0.00	($1,000,100.00)
Beautification Fund (Billboard Tax)			
Total Beautification Fund	$19,800.00	$0.00	($19,800.00)
Sewer Lateral Fund			
Total Sewer Lateral Fund	$165,000.00	$0.00	($165,000.00)
Asset Forfeiture Fund			
Total Asset Forfeiture Fund	$35,020.00	$0.00	($35,020.00)
D.A.R.E. Fund			
Total D.A.R.E. Fund	$8,000.00	$0.00	($8,000.00)
D.W.I. Fund			
Total D.W.I. Fund	$6,010.00	$0.00	($6,010.00)
Inmate Security Fund			
Total Inmate Security Fund	$6,000.00	$0.00	($6,000.00)
All City Funds - Grand Total	**$10,756,075.00**	**$2,580,475.00**	**($8,175,500.00)**

CITY OF OVERLAND - EXPENSES

General Fund

Description	FY 18/19 Budget	After BT	Difference
General Fund - Administration	$1,009,088.00	$994,588.00	($14,500.00)
General Fund - MIS	$240,423.00	$240,423.00	$0.00
General Fund - Legal	$107,003.00	$0.00	($106,903.00)
General Fund - Public Works	$536,882.00	$67,028.00	($469,854.00)
General Fund - P&Z	$6,500.00	$0.00	($6,500.00)
General Fund - BOAdj	$7,350.00	$0.00	($7,350.00)
General Fund - Streets	$1,324,231.00	$135,093.00	($1,189,138.00)
General Fund - Health	$67,590.00	$9,596.00	($57,994.00)
General Fund - Building Maint.	$290,882.00	$59,114.00	($231,768.00)
General Fund - Police	$4,653,351.00	$89,840.00	($4,563,511.00)
General Fund - Emerg. Prep.	$2,000.00	$0.00	($2,000.00)
General Fund - Muni Court	$272,633.00	$31,935.00	($240,698.00)
General Fund - Total	**$8,517,933.00**	**$1,627,617.00**	**($6,890,216.00)**

Capital Improvement Fund

Description	FY 18/19 Budget	After BT	Difference
Cap. Imp. Fund - Admin	$150,000.00	$150,000.00	$0.00
Cap. Imp. Fund - MIS	$15,000.00	$15,000.00	$0.00
Cap. Imp. Fund - Comm. Center	$66,500.00	$66,500.00	$0.00
Cap. Imp. Fund - Comm. Develop.	$0.00	$0.00	$0.00
Cap. Imp. Fund - Street Department	$383,700.00	$0.00	($383,700.00)
Cap. Imp. Fund - Parkls and Rec	$67,000.00	$67,000.00	$0.00
Cap. Imp. Fund - Health and Rabies	$0.00	$0.00	$0.00
Cap. Imp. Fund - Building Maint.	$37,500.00	$37,500.00	$0.00
Cap. Imp. Fund - Police Department	$75,000.00	$0.00	($75,000.00)
Cap. Imp. Fund - Muni Court	$0.00	$0.00	$0.00
Capital Improvement Fund - Total	**$794,700.00**	**$336,000.00**	**($458,700.00)**

Park Fund

Park Fund - Community Center	$469,101.00	$469,101.00	$0.00
Park Fund - Summer Youth Program	$10,765.00	$0.00	($10,765.00)
Park Fund - Parks Department	$510,524.00	$510,524.00	$0.00
Park Fund - Total	**$990,390.00**	**$979,625.00**	**($10,765.00)**

TOTAL CITY EXPENSES	**$10,303,023.00**	**$2,943,242.00**	**($7,359,681.00)**

Officials from the **City of Pacific** indicated their city is located only partially within St. Louis County; roughly 10 percent of their total incorporated area is within St. Louis County. For cities like theirs, the language of the proposed constitutional amendment provides that the St. Louis County portion of Pacific would be "detached" and "annexed" into the new Metropolitan City upon the amendment's passage, and further that their city would receive an annual payment "equal to" the revenues generated by this territory had the detachment and annexation by the Metro City not occurred.

This language appears to make the proposal "revenue neutral" to their city, meaning the revenue lost from the deannexation would be returned in an annual payment by the new Metro City. How these revenues would be calculated, however, is not clear.

Their city realizes numerous sources of revenues from the part of its territory located within St. Louis County. Annual sales tax and property tax receipts from this territory range from $350,000 to $400,000. They also receive gross receipts taxes, business license and other license taxes, water and sanitary sewer service revenue, and other permits and fees revenue. They do not have time to analyze these revenues in depth in the time they were allotted for their response. If you do not count utility revenues, which their city almost certainly would continue to receive in its capacity as utility provider to those customers located within St. Louis County, it would appear that their annual tax, licenses, permits and fees revenues from their portion within St. Louis County are in the $500,000 range.

They understand that the language of the proposal may be interpreted to be "revenue neutral" to their city. However, given that it is unclear how these revenues would be calculated, and further that revenues in any one year are subject to fluctuation due to any number of factors, their city believes that the Better Together initiative would result in a net loss to their city in an amount at least equal to the current net revenue (not including utility revenues) or approximately $500,000 annually.

Officials from the **City of Richmond Heights** indicated:

City of RICHMOND HEIGHTS

1330 S. Big Bend Blvd.
Richmond Heights, MO 63117-2294

www.richmondheights.org

February 22, 2019

Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, Missouri 65101

RE: Fiscal Note for Initiative Petition 20-042 proposing to amend Article VI

Dear Ms. Galloway,

It is my understanding the State Auditor's Office is required to submit a Fiscal Note and Fiscal Note Summary under Section 116.322, RSMO on any and all initiative petitions.

Please accept the following for inclusion in the fiscal note for the local government impact of the proposed Constitutional Amendment to Article VI proposed by Better Together, Initiative Petition 20-042.

SUMMARY

The proposal seems to sweep all local sales tax revenues, use taxes, local Road & Bridge sales taxes, business and merchant license fees, and any revenues associated with municipal policing and court fines from all municipalities within St. Louis County, except perhaps the Fire & EMS quarter-cent sales tax and Parks & Stormwater half-cent sales tax. The proposal also removes the power for municipalities in St. Louis County to provide policing, zoning, property maintenance inspections/regulations, permitting, and courts services. It allows for Fire, EMS, parks and recreation, and solid waste removal services to be provided by Municipal Districts, but very little funding to provide such without significant increase in property and real estate taxes.

For the City of Richmond Heights, the net result proposed in the Constitutional Amendment is a deficit of over $5.5 million per year with no revenues for solid waste removal, or capital projects such as road and bridge repairs. Currently, Richmond Heights allocates over $1 million annually for road and bridge maintenance and $1 million annually for solid waste/trash removal.

While the Amendment would allow the discontinuation of some services, the end result would be the dissolution of many municipal services or the need for a substantial increase to property owners in the Municipal District of Richmond Heights through real estate and personal property

taxes; and significant fees for solid waste/trash removal and parks and recreation services and maintenance. Currently, residents pay no fees for solid waste/trash removal service.

FISCAL IMPACT

Please see Estimated 2019 Budget without and with Article VI Better Together Proposal impact:

2019 BUDGET	General Fund	Parks and Rec Fund	Operating Budgets	Capital Budget
Revenues	$13,304,627	$4,626,140	$17,930,767	$2,775,139
Expenses	$13,432,406	$3,757,470	$17,189,876	$1,162,886
Transfers In (Out)	$329,839	($866,071)	($536,232)	($1,354,278)
Surplus (Deficit)	$202,060	$2,599	$204,659	$257,975
Post Better Together				
Revenues	$5,194,404	$3,863,520	$9,057,924	$0
Expenses	$7,032,781	$3,942,958	$10,975,739	$1,403,663
Transfers In (Out)	$63,792	($872,214)	($808,422)	($1,386,213)
Surplus (Deficit)	($1,774,585)	($951,652)	($2,726,237)	($2,789,876)

("General Fund" General Fund and Fire & EMS Services Fund combined.)

Other Assumptions used in this analysis are:

REVENUES
No local sales tax or use tax revenues other than the Fire & EMS quarter-cent sales tax and the Parks and Stormwater half-cent sales tax, no road and bridge tax revenues, no cigarette tax revenues. This does assume all local property tax revenues and utility tax revenues remain with the "municipal district".

EXPENSES
No police, public works, or inspections operations and no police capital purchases

Please contact me at (314) 645-4595 or by email at ahamilton@richmondheights.org should you have any questions regarding the above information.

Sincerely,

Amy Hamilton

Amy Hamilton, ICMA-CM
City Manager

Officials from the **City of University City** indicated:

City of University City
6801 Delmar Boulevard, University City, Missouri 63130, Phone: (314) 505-8544, Fax: (314) 863-0921

February 22, 2019

Honorable Nicole Galloway
State Auditor
State Capital Building
Jefferson City, Missouri 65101

RE: Fiscal Note Regarding Constitutional Amendment to Article VI (2020-042)
City of University City, Missouri

Dear Ms. Galloway:

It's my understanding; the State Auditor's Office is required to submit a Fiscal note and Fiscal Note Summary under Section 116.332, RSMO on all initiative petitions. Please accept the following suggestions for inclusion in the fiscal note as to how this proposal will impact local government in the St. Louis Region. The below example is for the City of University City.

Summary

The proposal as presented strips all municipalities in St. Louis County of sales tax revenues, and any revenues associated with courts, police, business licensing and regulations, and roads. While the proposal also removes from "Municipal Districts" responsibility and costs for courts, police, business regulations including zoning and permits, the end result will be a substantial deficit for the remaining municipal district that will require either dissolution or substantial increases in real estate or utility taxes.

In the case of University City, the net result of changes proposed in the Constitutional Amendment is a deficit for the surviving University City Municipal District of nearly $4.8 million per year. The University City Municipal District would have no funds for capital improvements, such as maintaining our City Hall, Community Center, and capital equipment or projects. University City also operates a Municipal Fire Department, and there would be no funds available for replacing our fire trucks and other costly fire department equipment.

While some reduction in service levels and expense would likely be appropriate, the end result would be requirement to substantially increase local taxes on the property owners in the surviving University City Municipal District. There are three options: (1) increase the real estate and property tax; (2) increase the gross receipts tax on utilities, which are passed thru to the underlying customers; or (3) an increase in fees charged by the City for trash services, parks and recreation fees, and fire inspections.

Adjusted 2019 University City Budget showing the impact of the Better Together proposal:

	General Fund	Capital Improvement	Park & Stormwater	Public Safety	Sewer Lateral	Economic Development Sales tax	Loop Business District
2019 Budget							
Revenues	22,802,800	2,402,000	1,301,000	1,700,000	576,000	703,400	75,000
Expenses	(23,744,300)	(3,197,800)	(1,413,400)	(1,799,300)	(576,000)	(494,400)	(142,300)
Transfers In(Out)	1,058,000	(400,000)	-	(300,000)	-	(133,000)	75,000
Surplus (Deficit)	116,500	(1,195,800)	(112,400)	(399,300)	-	76,000	7,700
Post Better Together							
Revenues	11,753,300	2,000	1,000	-	500	1,000	75,000
Expenses	(10,773,600)	(1,549,800)	(1,413,400)	(1,666,300)	-	(494,400)	(142,300)
Transfers In(Out)	225,000	-	-	-	-	-	75,000
Surplus (Deficit)	1,204,700	(1,547,800)	(1,412,400)	(1,666,300)	500	(493,400)	7,700

	Parkview Garden Special District	Grant	Internal Service Fund	Solid Waste	Public Parking Garage	Golf Course
2019 Budget						
Revenues	95,300	1,077,700	1,559,900	3,122,500	161,200	725,000
Expenses	(94,800)	(1,077,700)	(1,534,000)	(3,263,600)	(158,500)	(715,800)
Transfers In(Out)	-	-	-	(75,000)	-	(150,000)
Surplus (Deficit)	500	-	25,900	(216,100)	2,700	(140,800)
Post Better Together						
Revenues	95,300	-	1,557,900	3,122,500	161,200	725,000
Expenses	(94,800)	(525,000)	(1,534,000)	(3,263,600)	(158,500)	(715,800)
Transfers In(Out)	-	-	-	(75,000)	-	(150,000)
Surplus (Deficit)	500	(525,000)	23,900	(216,100)	2,700	(140,800)

Footnotes:

1. The "General Fund" comprises the bulk of University City's operations, traditionally including police, fire, planning and development, public works, parks and recreation, facilities maintenance, municipal court, and administration services.
2. The above chart is an assumption restatement of what the University City 2019 Annual Budget would look like assuming the Better Together proposal was in effect on July 1, 2019.
3. The only revenue in the Capital Improvement, Park & Stormwater, and Economic Development Sales Tax Fund would be interest income on the current balance of that fund. The Better Together proposal would require deficit spending in the Capital Improvement Fund, Park & Stormwater Fund, and Economic Development Fund until their fund balance is exhausted, thereby eliminating any interest income and effectively terminating the fund.

The University City Municipal District could help offset the operational deficit created by the Better Together petition IF the City were to take all of its authorized taxes for real estate, personal property and gross receipts to their statutory maximums:

Revenue Source Available	Statutory Maximum	Added Revenue Potential
Real Estate Tax	$ 1.00	1,431,954
Personal Property Tax	$ 1.00	137,440
Gross Receipts Tax on Utilities	10.00%	718,811

Major assumptions used in this analysis were used from the City's 2019 budget as a baseline.

If you have further questions, please feel free to contact me at 314-505-8542 or by email at kcole@ucitymo.org.

Sincerely,

Keith Cole

Keith Cole
Acting Director of Finance
City of University City, Missouri

Officials from the **City of Webster Groves** indicated:

February 18, 2019

Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

Re: Fiscal Note Regarding Initiative Petition 20-042 Proposing to Amend Article VI
City of Webster Groves, MO

Dear Ms. Galloway:

This letter is in response to an email you sent to me requesting that I review the above-named petition and determine the estimated cost or savings that this measure will have on my City government entity. Attached to this letter, I am providing a spreadsheet that identifies this information for the City of Webster Groves, and have also provided a summary of major assumptions made in my analysis.

The spreadsheet covers all City governmental funds. The first column to the left identifies the City's revenue sources and uses. In the second column from the left, actual numbers from the City's 2018 Comprehensive Annual Financial Report demonstrate how we are operating currently. The third column from the left is titled "Changes to Muni District". This column illustrates how both revenues and expenditures will dramatically change as a result of the proposed changes to the Muni District if the Better Together petition is approved. It demonstrates a significant drop in the City's fund balance by over $5 million dollars. Finally, the fourth column from the left shows the mathematical difference of the Better Together Impact on both Revenues and Expenditures.

The City of Webster Groves is an affluent residential community in St. Louis County and was recently named one of the safest cities in Missouri. The City had fund balance reserves totaling $21,182,159 as of June 30, 2018. Plans to draw down on these reserves to invest in a few large City projects while maintaining a healthy fund balance is a long-term goal. Available reserves can then be drawn down upon during economic hardships. However, it the Better Together Plan, it appears that they will take almost all of our reserves. If that happens, the City will, for the first time, have a demonstrable problem where it has an operating deficit in all funds but two. Money will have to be raised through property taxes in order to get us in an operationally positive position. Even though we currently have enough revenues and reserves to cover our expenditures, the Better Together Plan will financially devastate our City and our residents.

Please feel free to contact me regarding this submittal at jadalij@webstergroves.org or 314-963-5323.

Sincerely,

Joan Jadali
Assistant City Manager,
Director of Finance and Administration

CITY MANAGER	CITY CLERK	FINANCE	PUBLIC WORKS	PLANNING	POLICE	FIRE	PARKS & RECREATION
4 E. LOCKWOOD AVE.	4 E. LOCKWOOD AVE.	4 E. LOCKWOOD AVE.	4 E. LOCKWOOD AVE.	4 E. LOCKWOOD AVE.	4 S. ELM AVE.	6 S. ELM AVE.	33 E. GLENDALE
(314) 963-5303	(314) 963-5319	(314) 963-5324	(314) 963-5315	(314) 963-5332	(314) 645-3000	(314) 645-3000	(314) 963-5600
FAX 963-3398	FAX 963-7561	FAX 963-7561	FAX 963-5399	FAX 963-7561	FAX 962-6204	FAX 962-4504	FAX 963-5685

Webster Groves, MO 63119

City of Webster Groves, All Governmental Funds

	From 2018 CAFR	Muni District Estimated Exp.	Better Together Impact
REVENUES			
Property taxes	4,865,773	3,248,410	-1,617,363
Sales taxes	7,890,005	0	-7,890,005
Utility taxes	3,689,050	3,689,050	0
Intergovernmental	2,475,741	910,088	-1,565,653
Licenses, fees, and permits	1,534,932	0	-1,534,932
Fines and forfeitures	676,677	0	-676,677
Charges for services	2,575,787	2,555,086	-20,701
Sewer lateral fees	404,359	404,359	0
Investment income	199,988	0	-199,988
Other	558,506	236,380	-322,126
Total Revenues	24,870,818	11,043,373	-13,827,445
EXPENDITURES			
Current:			
General government	3,530,495	3,300,488	-230,007
Public safety	9,082,773	4,553,705	-4,529,068
Public works	2,699,043	975,580	-1,723,463
Parks and recreation	2,936,210	2,839,803	-96,407
Planning and development	774,776	194,165	-580,611
Capital outlay	3,853,042	2,680,354	-1,172,688
Debt service:			
Principal retirement	1,094,000	1,094,000	0
Interest and other costs	476,660	476,660	0
Total Expenditures	24,446,999	16,114,755	-8,332,244
REVENUES OVER (UNDER) EXPENDITURES	423,819	-5,071,382	
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	68,400	0	
NET CHANGE IN FUND BALANCES	492,219	-5,071,382	
FUND BALANCE, JULY 1	20,689,940	0	
FUND BALANCE, JUNE 30	21,182,159	-5,071,382	

CITY OF WEBSTER GROVES, MO

MAJOR ASSUMPTIONS IN THIS ANALYSIS:

Sales Taxes-Currently the City receives the proceeds from a 1.25% general sales tax (shared with St. Louis County) that will flow to the new Metropolitan City under the proposal. In addition, the city has imposed a 0.25% Fire Sales Tax, a 0.5% Parks and Stormwater Sales Tax, a .5% Capital Sales Tax (shared with St. Louis County), and a .5% Public Safety Tax (shared with St. Louis County). These combined sales taxes of $7,890,005 comprise about 32% of the City's annual budget.

While it makes sense to remove from the Municipal District and pass through to the Metropolitan City those sales taxes that we would no longer need, based on the fact that we would not be providing certain services, there are certain taxes that we are passing through that we should be able to just retain. The claim is that the Metro City shall remit to the municipal district those sales tax revenues necessary to meet outstanding obligations of any kind. Instead, we should get all of the Fire Sales Tax and all of the Parks and Stormwater Tax to fund the services that we are allowed to keep.

Intergovernmental Revenue-Most of these are assumed under the proposal to be redirected by the state to the Metro City since most of this revenue is from sales taxes. However, grants are considered to still be held here as the proposal stated that each Municipal District would still be treated as a political subdivision and therefore could receive federal grants, etc.

Licenses, Fees and Permits-All business licenses, building permits, etc, are to be levied by the Metro City and not the Municipal District.

Fines and Forfeitures-All municipal court functions are assigned by the proposal to the Metro City and it is thus assumed that all fines, costs and forfeitures would also flow to the Metro City.

Investment Income-It is assumed that the Metro City will take over the City's reserve money in all funds except for the Police and Fire Pension Fund and the General Obligation Debt Service Fund since these are specific to Municipal District requirements. The interest earned on these two funds would be minimal to non-existent.

Expenses-The proposal assigned as the sole responsibility of the Metropolitan City certain functions currently provided by the City of Webster Groves including police, courts, business licensing and regulation, public works, and economic development. Therefore, it was assumed that 100% of the police and courts would become the responsibility of the Metropolitan City. However, in some areas the sanitary sewer lateral program wasn't discussed and that still needs to be managed by the Municipal District, as well as building maintenance issues. Therefore, money was retained in the Public Works line to account for this. The Planning and Development department estimated expenses was also decreased significantly, but not completely. This is a result of the fact that the proposal stated that there would still need to be local meetings for certain zoning items.

Pensions-Webster Groves provides two defined benefit plans to its employees through Missouri Local Government Employee Retirement Systems (LAGERS). The non-uniformed plan is partially funded from the general fund and the remainder comes from the Police and Fire Pension (through an amended agreement). The uniformed plan is funded completely through the Police and Fire Pension Fund, where money comes from a specific property tax levy.

Debt Service-Currently the City of Webster Groves has General Obligation debt paid for by a special property tax that will mature in 2024.

Capital Improvements-The City of Webster Groves currently receives $1,567,000 from the capital improvement sales tax fund. This money is currently used to pay for on-going capital projects that are a part of our 5-year Capital Improvement Program. It is assumed that the proceeds from the capital improvement sales tax would not be remitted to the Municipal District by the Metro City. This is a huge problem because the City needs these funds to purchase equipment for the Fire Department and Parks and Recreation Department.

Fund Balances-Finally, it is assumed that the Metropolitan City will absorb all of our reserves that we have available that is not used for debt issues or personnel issues (such as pension liabilities). The City had a combined fund balance at June 30, 2018 of $21,182,159. It is assumed that almost all of this will be absorbed by the City, and then the City has to figure out, once again, how to make Revenues and Expenditures for a particular year be in line to avoid a deficit.

Matthew A. Jacober, Partner with Lathrop Gage LLP provided the following information:

LATHROP GAGE

RECEIVED
FEB 19 2019
STATE AUDITORS OFFICE

MATTHEW A. JACOBER
PARTNER
DIRECT: 314.613.2845

MAIN: 314.613.2800
FAX: 314.613.2801
MJACOBER@LATHROPGAGE.COM
LATHROPGAGE.COM

7701 FORSYTH BOULEVARD, SUITE 500
CLAYTON, MO 63105

February 19, 2019

State Auditor Nicole Galloway
State Capitol, Room 121
Jefferson City, MO 65101

RE: Fiscal concerns regarding Initiative Petition 2020-042 ("petition")

Dear Auditor Galloway:

This firm has been retained to represent the interests of the Police Retirement System of St. Louis ("retirement system") regarding the above referenced ballot initiative and the proposed merger of the City and County of St. Louis. In this letter, we will begin to outline our significant concerns with the petition, however, we believe an in-person meeting to review these issues will be best for all involved. The most recent petition was filed on February 11, 2019. Pursuant to the authority set out in section 116.175, RSMo, the retirement system is timely expressing its statement of fiscal impact in accordance with section 23.140, RSMo. If the proposed consolidation initiative is approved by voters, the retirement system is concerned with the cost of the proposed legislation, and the significant direct fiscal impact it has on the City of St. Louis (or the St. Louis Municipal Corporation) to provide the required future employer contributions to the retirement system. We urge your office to consider the fiscal impact on local government entities who will become not only a taxing sub-district of the Metro City but also a separate taxing district – and exactly how this revision will affect their ability to meet current statutory obligations. The proposed constitutional amendment is voluminous and has far reaching impact. It deserves a comprehensive fiscal review.

Sections 86.200-86.366, RSMo controls the retirement system. Since October 1, 1957 this system has helped to ensure the financial security of Police Officers and their dependents. The board of trustees of the retirement system certifies every year the cost of one-half of the expenses for the next year and the cost of benefits as determined by section 86.337, RSMo. This information is submitted to the city and shall be appropriated and delivered to the retirement system every year. Section 86.350 provides:

> The payment of the cost of providing all benefits granted under the provisions of sections 86.200 to 86.366, as determined pursuant to section 86.337, and the payment of fifty percent of all expenses described in subsection 2 of section 86.343 incurred in connection with the administration and operation of the retirement system are hereby made obligations of the cities.

This obligation is in the tens of millions of dollars annually and has been paid faithfully by the city, allowing our client to meet its obligations and provide a dignified retirement to its vested members. The initiative petition directs the new Metropolitan City will provide general services, including public safety. At some point after the transition period, the Metropolitan City will form a

new police force. The petition is silent as to how exactly a new police force will be formed. The current initiative petition provides a framework of future services, indicates existing obligations will remain obligations of the original municipality, describes numerous taxing responsibilities of these municipal districts but provides no substance as to how or if these "existing obligations" will be paid. The petition's silence on the "how" or "if" is deafening – in particular to a pension system whose charge is to provide for Police Officers and their families in retirement. As you are no doubt aware, while serving, Police Officers are vastly more susceptible to loss of life and suffering debilitating injuries than the general population.

The initiative petition repeals six sections of the Missouri Constitution including Article VI, section 32(c). We highlight section 32(c) because it mandates any amendment or revision under the current constitutional structure not impair retirement benefits to which one is entitled prior to the amendment. The recent revisions of the current initiative petition add language suggesting (but not directly stating) any person with "any vested, non-forfeitable, and contractual right or privilege to retire or retirement or pension benefits..." will retain those rights unimpaired until all benefits have been paid. *See* Initiative Petition 11. (4)(a).

The initiative petition has a significant direct fiscal impact upon the St. Louis City municipality, after it becomes the St. Louis Municipal Corporation following transition. This impact factors into how the entity will honor its pension obligations for the Police Officers and their families who depend on them (and accept the risks attendant with their careers, at least in part based on this security). The initiative petition is, again, silent as to how the St. Louis Municipal Corporation will meet these obligations. Failure to address this issue casts doubt on the fiscal soundness of the proposed consolidation. Further, failure to address funding for pension obligations amounts to a "just trust us" position. Active duty officers, retirees and their dependents should not be placed in such jeopardy. The initiative's proponents have not engaged in dialogue with interested parties about how issues like this will be worked out. To fulfill their fiduciary obligations to their members our clients must move these important questions - not addressed at all in the petition - to the forefront of this debate.

Two examples illustrate the significant fiscal impact the proposed St. Louis Municipal Corporation will face.

First, the initiative petition mandates municipal districts and the St. Louis Municipal Corporation continue as a taxing sub-district of the metropolitan city and as a separate taxing district. *See* Initiative Petition 4. (3)(a) and (5)(3) and (4)(a). This might mean businesses and citizens might be taxed by the metro city and the St. Louis Municipal Corporation simultaneously. Until it is better understood what items will be taxed and by who, it is impossible to determine whether the St. Louis Municipal Corporation can meet its now existing obligations, such as the ongoing annual obligation to our client. Second, how taxes will be imposed and what taxes will be levied is unknown. However, it is known the initiative petition, over time eliminates the earnings tax and appears to preclude an opportunity for a vote on the issue. This will significantly and directly impact the ability of the St. Louis Municipal Corporation's ability to make payments like the annual obligation to the retirement system. *See* Initiative Petition 7. (2)(a). This may explain the additional language in the second petition:

> Notwithstanding any provision of law or this constitution and notwithstanding any reduction of such levies, the St. Louis Municipal Corporation shall satisfy any outstanding financing obligations from available revenues, and the metropolitan city shall distribute to the St. Louis Municipal Corporation, from revenues generated within the territory of the St. Louis Municipal Corporation, such revenues

as may be required for the satisfaction of any such outstanding financing obligation. *See* Second Initiative Petition 7. (2)(a).

Better Together explained this addition was to provide greater specificity regarding the responsibility of the St. Louis Municipal Corporation to meet its existing obligation from the revenue generated in its territory. Arguably this was already required under the general provisions related to satisfaction of outstanding obligations. However, the Petition's language concerning funding appears to propose funding and take it away simultaneously. In a separate section the largest revenue generator in the territory is removed, without an explanation of how this revenue source would be replaced. Stating obligations must be satisfied appears to be window dressing when a deeper look reveals–there is no method outlined to actually satisfy the obligations.

In conclusion, the retirement system asks the auditor to see the petition for what it demonstrates – a lot of the "right words", but no "right actions" to explain any payment method to satisfy the significant outstanding obligations owed on an annual basis to our client as fiduciary to its members and their dependents. We have demonstrated "significant direct fiscal impact upon a political subdivision of the state" and the petitioners should have to demonstrate how those concerns will be addressed before being given the right to present this ballot initiative to the people of Missouri. Thank you for the opportunity to comment.

Very truly yours,

LATHROP GAGE LLP

By: _____
Matthew A. Jacober

MAJ/crs

THE POLICE RETIREMENT SYSTEM OF ST. LOUIS

2020 MARKET STREET
SAINT LOUIS, MISSOURI 63103
Toll Free 1-800-850-4407
(314) 241-0800 Fax (314) 241-4009

20-Year Contribution History to The Police Retirement System of St. Louis by City of St. Louis

Plan's FY Beginning:	City's Fiscal Year	Contribution Requirement	Paid by City	
10/1/1998	2000	0.00	0.00	
10/1/1999	2001	0.00	0.00	
10/1/2000	2002	0.00	0.00	
10/1/2001	2003	0.00	0.00	
10/1/2002	2004	9,575,892.00	4,115,600.00	
10/1/2003	2005	11,034,908.00	4,046,613.00	
10/1/2004	2006	14,939,678.00	8,093,266.00	
10/1/2005	2007	17,280,800.00	8,093,226.00	
10/1/2006	2008	15,909,820.00	6,702,849.00	
			35,586,639.00	*Contribution Settlement-See Attached
10/1/2007	2009	10,384,025.00	10,384,025.00	
10/1/2008	2010	14,318,031.00	14,318,031.00	
10/1/2009	2011	17,476,138.00	17,476,138.00	
10/1/2010	2012	20,036,918.00	20,036,918.00	
10/1/2011	2013	28,473,995.00	28,473,995.00	
10/1/2012	2014	32,629,036.00	32,629,036.00	
10/1/2013	2015	32,324,823.00	32,324,823.00	
10/1/2014	2016	30,600,069.00	30,600,069.00	
10/1/2015	2017	30,778,664.00	30,778,664.00	
10/1/2016	2018	33,826,528.00	33,826,528.00	
10/1/2017	2019	33,104,561.00	33,104,561.00	
10/1/2018	2020	35,970,630.00		
TOTAL		**$388,664,516.00**	**$350,590,981.00**	

February 20, 2019

***Contribution Settlement in City's Fiscal Year 2008**

The Police Retirement System filed lawsuits against the City and the Board of Estimate and Apportionment to require the City to contribute the actuarially determined annual contribution for the Police Retirement System for the City's 2004, 2005, 2006 and 2007 fiscal years. The City received an unfavorable ruling in the initial court proceedings relative to the fiscal year 2004 suit, and appealed the decision. In August 2006, the Missouri Court of Appeals affirmed the lower court's decision but transferred the case to the Missouri Supreme Court (Supreme Court). On March 13, 2007, the Supreme Court affirmed the judgments of the Circuit Court.

In response to the judgments, the Board of Aldermen had authorized and approved the issuance and sale of bonds for the purpose of paying certain judgments and other amounts in connection with the Retirement System. During fiscal year 2008, Pension Funding Leasehold Revenue Bonds Series 2007 and Pension Funding Series 2008A were issued funding the Police's System in the amounts of $29,587 and $6,000, respectively (in thousands).

LATHROP GAGE

MATTHEW A. JACOBER
PARTNER
DIRECT: 314.613.2845

MAIN: 314.613.2800
FAX: 314.613.2801
MJACOBER@LATHROPGAGE.COM
LATHROPGAGE.COM

7701 FORSYTH BOULEVARD, SUITE 500
CLAYTON, MO 63105

February 21, 2019

VIA U.S. MAIL
AND EMAIL TO: SUSAN.BEELER@AUDITOR.MO.GOV
KIM.HOELSCHER@AUDITOR.MO.GOV

State Auditor Nicole Galloway
State Capitol, Room 121
301 W. High Street
Jefferson City, MO 65101

Re: Follow up Information Concerning the Police Retirement System of St. Louis (PRS) and Fiscal concerns regarding Initiative Petition 2020-042 ("petition")

Dear Auditor Galloway:

We appreciated the opportunity to meet with Susan Beeler of your staff and to discuss our client's concerns regarding the fiscal impact of the petition. In the meeting, we indicated that demographic and actuarial information concerning PRS might better illustrate the negative fiscal impact of the initiative.

PRS Demographics.

Before discussing present and future financial impacts of a successful initiative, we provide the following statistics concerning PRS. As of October 1, 2018, PRS served the following:

Participant	Number	Description
Active	1,138	Currently employed police officers
DROP	123	Former officers who have a deferred vested pension eligible to collect when they turn age 55
Retired and Disabled	1,433	PRS pays benefits to retired officers and officers who became disabled while employed.
Surviving Spouses and Children	475	PRS pays benefits to both surviving spouses and their children
Total Participants	3,169	
Total Receiving Benefits	1,908	Number of Retired, disabled and surviving spouses and children receiving benefits.
Number of Actives supporting those receiving benefits	.66	According to the actuaries in 2000 .83 actives supported in-activities – retirees and all other beneficiaries – Retired, disabled, surviving spouses and children

As you can see, over the last 9 years, the number of active duty police officers contributing 7.5% of their pay has decreased as the number of beneficiaries has increased. This means the investment returns, which suffered during the 2007-2013 period. and the City of St. Louis' obligations pursuant to MO. REV. STAT. §§ 86.200-86.364 bear over 94.4% of PRS actuarial funding obligations.

PRS Future Funding Obligations.

PRS' independent actuaries determine annually the unfunded Entry Age Normal (EAN) actuarial liability and the Present Value of Future Benefits. Both are measures of current value of benefits PRS will owe to members and their beneficiaries. The EAN is used for financial statements but the Present Value of Future Benefits presents a more complete picture for purposes of your evaluation of the fiscal impact of the initiative. The Present Value of future Benefits is the amount of money needed today to fully fund all PRS benefits both earned as of the valuation date and those expected to be earned in the future by the current plan participants, under the current plan provisions if all of the actuarial assumptions (morbidity, mortality, investment returns, economy etc.) are met. PRS' actuaries determine this number for Active, DROP and Currently retired, disabled and surviving spouse and children beneficiaries. If the initiative passes, it is possible that obligations to active participants may be assumed by another plan (the initiative is silent on that point). As the chart below illustrates, even if active participants are not included, the Present Value of Future Benefits to those currently receiving benefits and with deferred vested pension benefits exceeds **$800,000,000.** Porting active participants to another plan does not significantly change PRS obligations to beneficiaries.

Present Value of Future Benefits - 10/1/18

Benefit Category	**10/1/18 PV of FB**	
Active	$306,011,501.00	
DROP and Re Entered	$193,779,042.00	
Retired, Disabled, Surviving Spouse and Children	$622,510,814.00	
Total not including active	**$816,289,856.00**	
Total including Active		$1,122,301,357.00

Fiscal Impact of the Initiative on Present and Future PRS Obligations.

We believe that the petition creates an unfunded liability as to PRS obligations to current and future beneficiaries. As we read the initiative, there is no post passage revenue stream adequate to satisfy PRS funding obligations and voters need to be aware of this. We expect other plans similarly situated will have the same problems. At present, police officer participants in the plan pay 7.5% of payroll into the plan. This amounts to about $5.3 MM annually and the city pays the actuarially-determined amount necessary to fund the plan's obligations to present and future beneficiaries. We provided the payment amounts for the last 10 years which average approximately $33 MM per year. According to the most recent PRS independent actuarial report, over the next 20 years, assuming investment returns of 7.5% and no significant downturn in the

economy the range of payments from the City of St. Louis or its successor will likely range from $32.4 MM to $36.2MM per year.

Results for the year ended September 30, 2017 provide a tool for illustrating this point. The chart below shows PRS funding, expenses and benefits paid and how those results would differ if there were no employee contributions (actives are in another plan) and if the City of St. Louis or its successor did not pay the amount required by Chapter 86. There are not sufficient funds to pay benefits, without eroding fund balances. Without city funding there will not be sufficient funds, over time, to pay the benefits owed.

Additions to PRS	**Value as of 9/30/17**	**Assuming passage and no funding of employer obligations**	**Comments**
Payments from members	$5,129,154.00	$-	Assumes no future payments from EEs
Employer Contributions	$33,104,561.00	$-	Assumes no ER contribution
Interest and Dividends	$8,631,971.00	$8,631,971.00	Not adjusted for changes in rates
Investment Returns	$45,322,802.00	$45,322,802.00	Not adjusted for investment performance
Total Additions	$92,188,488.00	$53,954,773.00	
Deductions from PRS			
Investment Expenses	$2,865,515.00	$2,865,515.00	Assumes same expenses
Benefit Payments	$63,603,561.00	$63,603,561.00	Assumes no increase in payments
Refunds of Employee Contributions	$4,972,550.00	$4,972,550.00	Refunds arise if employees are vested in their contributions and resign prior to retirement
Administrative Expense	$1,165,930.00	$1,165,930.00	Expense is less than 2% of earnings
Total Deductions	$72,607,556.00	$72,607,556.00	
Gain or Shortfall	$19,580,932.00	$(18,652,783.00)	Without additions from the employer and employees the funding gap increases.

As illustrated above, investment returns and interest and dividends are not sufficient to pay pension obligations. As written, the initiative creates what amounts to an unfunded mandate.

The Initiative Does not Provide Funding for Obligations.

The initiative petition makes clear that the St. Louis Municipal Corporation is responsible for funding Obligations such as those benefits PRS owes to members. However, the initiative provides no funding for any of these obligations after the effective date. During the period after the effective date of 1/1/21 and the date that general services such as law enforcement are to be undertaken by the Metropolitan City, the municipal districts and St. Louis Corporation continue to provide these services. They continue as taxing districts, but can only tax utilities and property and can only tax these for the provision of services – not the payment of obligations such as those owed by PRS. Further, in Section 7, the earnings tax will end effective 1/1/21 and cannot be reinstated. According to the City Collector of Revenue the earnings tax provides 33% of the City of St. Louis general revenue. https://www.stlouis-mo.gov/collector/earnings-tax-home.cfm.

Conclusion.

As information from the 2018 Actuarial Report makes clear, the initiative's proposal for creating a new form of government while saddling all prior governments with financial obligations and providing no meaningful revenue stream creates an untenable fiscal problem and jeopardizes benefits owed under Police Retirement System of St. Louis.

Very truly yours,

Lathrop Gage LLP

By: _____
Matthew A. Jacober

MAJ/abs
Enclosure

LATHROP GAGE

RECEIVED
FEB 26 2019
STATE AUDITORS OFFICE

MATTHEW A. JACOBER
PARTNER
DIRECT: 314.613.2845

MAIN: 314.613.2800
FAX: 314.613.2801
MJACOBER@LATHROPGAGE.COM
LATHROPGAGE.COM

7701 FORSYTH BOULEVARD, SUITE 500
CLAYTON, MO 63105

February 22, 2019

VIA U.S. MAIL
AND EMAIL TO: SUSAN.BEELER@AUDITOR.MO.GOV
KIM.HOELSCHER@AUDITOR.MO.GOV

State Auditor Nicole Galloway
State Capitol, Room 121
301 W. High Street
Jefferson City, MO 65101

Re: Follow up Information Concerning the Police Retirement System of St. Louis (PRS) and Fiscal concerns regarding Initiative Petition 2020-042 ("petition") – Correction, p. 2, final par., line 5.

Dear Auditor Galloway, Susan and Kim:

After we finalized our letter of 2-21-19 we noted a typo on page 2 in the final paragraph. At line 5 of that paragraph we stated that police officer participants pay 7.5% of payroll into the plan. That percentage was incorrect. Police officer participants pay 7% of payroll into the plan. However, the dollar value quoted, $5.3MM is correct.

Very truly yours,

Lathrop Gage LLP

By: _____
Matthew A. Jacober

MAJ/abs
Enclosure

Christopher R. Pieper on behalf of Unite STL provided the following information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact for Initiative Petition for a constitutional amendment related to Article VI, (2020-042)

Submitted by:

Christopher R. Pieper, Mo. Bar No. #57564
414 E. Broadway, Suite 100
Columbia, MO 65201
Telephone No.: (573) 355-5045
E-mail: cpieper@bbdlc.com

on behalf of Unite STL, Proponent of the Proposed Measure

Initiative Petition 2020-042
Proponent's Proposed Statement of Fiscal Impact

The following information is submitted on behalf of the proponent of the proposed measure as a proposed statement of fiscal impact for the Initiative Petition 2020-042 (hereinafter "the measure"), pursuant to Section 116.175.1, RSMo.

The fiscal note and fiscal summary should reflect that the measure will result in savings for local governments of up to $55 million annually in 2023 and up to $1 billion annually by 2032. The fiscal note and fiscal summary should reflect that the measure will result in $4.9 billion in savings to local governments from 2023 to 2032.

The fiscal note and fiscal summary should reflect that the measure will result in increased state revenues of up to $636,695 in 2023, increasing to up to $6.95 million annually in 2032 and each year thereafter. The fiscal note and fiscal summary should reflect that the measure would generate up to $40 million in new state revenue from 2022 to 2032.

I. The Measure

If enacted, the measure would reorganize local governments in St. Louis County (hereinafter "the County") and the City of St. Louis (hereinafter "the City") to reduce fragmentation and achieve greater efficiency and cost-effectiveness. To accomplish this purpose, the measure combines the County and the City in a newly-created, Metropolitan City of St. Louis (hereinafter the "Metro City"), with the powers of both a charter city and a charter county. Art. VI, Section 30.2. The entire territory of the Metro City is designated a "general services district" in which the Metro City is empowered to provide "general district services." Art. VI, Section 30.2(9).[1] Current Municipalities (including the City, until after the transition period) continue as "Municipal Districts," which are political subdivisions empowered to provide "municipal district services" and required to satisfy outstanding obligations of the municipality. Art. VI, Section 30.3.[2]

A. Finances

General district services and outstanding obligations of the Metro City would be financed by revenues generated throughout the Metro City, while municipal district

[1] Examples of "general district services" include the licensing and regulation of businesses, occupations, professions, activities, or things; public health, public safety, and general welfare; police, law enforcement, and municipal court; transportation, infrastructure, and public works; and economic development. *See* Art. VI, Section 30.1(1)(c).

[2] Examples of municipal district services include fire protection, parks and recreation, proprietary and enterprise functions, facilities, and administration of the Municipal District. *See* Art. VI, Section 30.1(1)(g).

services and outstanding obligations of a Municipal District would be financed by revenues generated within the Municipal District or otherwise secured by the Municipal District. Art. VI, Section 30.5(1)(a).[3]

The measure initially continues existing levels of services, and taxes, licenses, fees, or special assessments levied by the County, the City, or Municipalities with respect to the territory to which such applied prior to the effective date. Art. VI, Section 30.5(2)(a). The Metro City is required to distribute revenues generated from such taxes, licenses, fees, and special assessments levied solely within a Municipal District to that Municipal District for use in satisfying outstanding obligations and for the services the Municipal District provides. Art. VI, Section 30.5(2)(a). In particular, the measure requires the Metro City to distribute to Municipal Districts:

(1) All revenues generated from taxes, licenses, fees, or special assessments levied solely within the Municipal District required for the satisfaction of any outstanding obligation. Art. VI, Section 30.5(2)(b)(i).

(2) Revenues generated from property taxes levied solely within the Municipal District. Art. VI, Section 30.5(2)(b)(ii).

(3) Revenues generated from any sales or use tax levied solely within the Municipal District necessary to provide municipal district services or to provide a general district service until such service is provided by the Metro City. Art. VI, Section 30.5(2)(b)(iii).

(4) Revenues that would have otherwise been received by the Municipality from the state or federal government, including gaming revenues and county pool sales taxes, required to satisfy outstanding obligations or necessary to provide municipal district services, or provide a general district service until such service is provided by the Metro City. Art. VI, Section 30.5(5)(c).

Revenues collected within a Municipal District over and above the foregoing would be retained by the Metro City and used for providing general district services such as police. *See* Art. VI, Sections 30.2(9), 30.5(1)(a). Until such time as the Metro City provides a general district service, the Municipal District would continue to receive distributions of revenue necessary to continue providing such service. *See* Art. VI, Sections 30.5(2)(b); 30.5(5)(c).

90 days prior to each fiscal year, a Municipal District would submit to the Metro City an estimate of outstanding obligations, the expenditures necessary for services provided by the Municipal District, and the revenues required for such purposes. Art. VI,

[3] Outstanding obligations include, but are not limited to, contracts; financing obligations, such as bonds, notes, capital leases and similar obligations; and other long-term obligations such as pensions. *See* Art. VI, Section 30.1(1)(b).

Section 30.5(4)(e). The Metro City is required to distribute funds to the Municipal District for such purposes and in such amounts for the ensuing fiscal year. *Id.*

If a Municipal District wanted to increase the level of services, it could levy an additional property tax, levy a utility tax, charge fees for service, and issue financing obligations for such purposes. Art. VI, Section 30.5(4). The Municipal District would administer the revenues generated thereby pursuant to an annual budget adopted in the manner provided for the current Municipality. Art. VI, Section 30.5(4)(d).

The measure provides a two-year transition period from the effective date on January 1, 2021, through the end of the transition period on January 1, 2023. Art. VI, Section 30.1(1)(l). The budget for the Metro City and Municipal Districts for each year of the transition period would be the combined annual budgets for the County, the City, and Municipalities for the twelve month-period beginning January 1, 2019, along with any supplemental appropriations and any appropriations for the satisfaction of outstanding financing obligations. Art. VI, Section 30.5(6)(a). The first budget for the Metro City post-transition period would be adopted on or after January 1, 2023. Art. VI, Section 30.5(7)(c).

B. <u>Tax Relief</u>

Beginning in 2022, the one-percent earnings tax imposed by the City would be reduced annually by one-tenth of one percent until eliminated in the manner provided in current law, Section 92.015, RSMo, due to the failure to reauthorize the tax in 2021. Art. VI, Section 30.7(2)(a). Each reduction would result in approximately $18.3 million in tax relief each year. Also beginning in 2022, the one-half of one percent payroll expense tax imposed by the City would be reduced annually by one-twentieth of one percent until eliminated. *Id.* Both taxes would be fully phased-out over a period of ten years.[4]

In 2023, the general revenue property tax levied in the former County would be reduced to yield no greater than half the revenue generated by the levy during the prior year. Art. VI, Section 30.5(7)(b). Based on the Auditor's 2017 report of tax rates, the County's general revenue property tax levy for each class of property would generate approximately $47.1 million.[5] An adjustment to generate half the amount of revenue is estimated to result in tax relief of approximately $23.6 million annually.

In 2024, the general revenue county purposes property tax levy in the former City would be replaced with the lowered general revenue property tax levied in the former

[4] *See Better Together Policy Recommendations: Analysis of New State Tax Revenue*, submitted herewith and hereby incorporated by reference herein. Available at https://static1.squarespace.com/static/59790f03a5790abd8c698c9c/t/5c6d500324a694e2f1da31ca/1550667780395/Better+Together+Policy+State+Revenue+Compiled+with+Analysis.pdf.

[5] *See id.*

County. Art. VI, Section 30.5(8)(b). Based on the Auditor's 2017 report of tax rates, the City's county purposes levy would generate approximately $14.1 million.[6] Replacing this levy with the newly-lowered County levy is estimated to result in tax relief of approximately $8.1 million annually.[7]

C. St. Louis Municipal Corporation and St. Louis Fire Protection District

On January 1, 2023, the Municipal District within the former City would continue as the St. Louis Municipal Corporation, primarily to satisfy outstanding obligations of the City. Art. VI, Section 30.4.

Also, on January 1, 2023, the St. Louis Fire Protection District would be created within the boundaries of the former City. Art. VI, Section 30.6. During 2023, the fire protection district is funded out of revenues generated from within the former territory of the City. Art. VI, Section 30.6(2)(a). In 2024, the fire protection district would be authorized to levy a property tax and, upon such levy, the Metro City would be required to correspondingly reduce the rates of taxes, licenses, and fees within the former City to ensure that the fire protection district levy is revenue neutral. Art. VI, Section 30.4(2)(b).

II. Local Government Positive Fiscal Impact

A. Local Government Savings

The measure would result in a significant savings to local governments. Specific areas targeted for savings, such as general administration, are analyzed in a series of studies published by Better Together over the past five years and in the recently-released City-County Task Force Report and Recommendations.[8] Better Together has also analyzed revenue, expenditures, and savings from its policy recommendations as reflected in the proposed measure.[9]

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[6] *See id.*

[7] *See id.*

[8] *See Better Together: Report and Recommendations of City-County Governance Task Force*, available at https://static1.squarespace.com/static/59790f03a5790abd8c698c9c/t/5c68551e4785d32318b184c5/1550341501871/Task+Force+Report+Final.pdf.

[9] *See Better Together Policy Recommendations: Analysis of Local Government Savings*, submitted herewith and hereby incorporated by reference herein. Available at https://static1.squarespace.com/static/59790f03a5790abd8c698c9c/t/5c6d4f06085229dcf73eeb73/1550667526841/Analysis+of+Local+Government+Savings.pdf; *see also St. Louis Metro City – Pro Forma Budget*, submitted herewith and hereby incorporated by reference herein. Available at https://static1.squarespace.com/static/59790f03a5790abd8c698c9c/t/5c6d5041eb393157f0303840/1550667841801/STL+Metro+City+-+Pro+Forma+Budget.pdf. The supplemental data cited therein reflecting revenues and expenditures of the City, County, and Municipalities has been previously submitted to the State Auditor's Office and is hereby incorporated by reference herein.

As discussed more fully in Better Together's analysis, savings to local governments result from both reduced expenditures and the availability of surplus revenue over expenditures. The measure creates a structure for reducing expenditures on a system-wide, rather than jurisdiction-by-jurisdiction basis, which would enable modest expenditure reductions of 3% annually, offset by 2% inflation in expenditures, for net annual expenditure reductions of 1%. In addition, the structure results in annual surpluses of revenue, which enables accelerated debt repayment that would in turn achieve additional savings from reduced interest and financing costs. Initial savings for local governments from the measure are estimated at $55 million annually in 2023.[10] By 2032, annual savings for local governments are estimated at $1 billion annually. From 2023 to 2032, the measure is estimated to result in up to $3.2 billion in expenditure reductions and surplus revenues of $1.7 billion, for total savings to local governments of $4.9 billion over the ten-year period.

B. Local Government Costs

Local governments will not incur any new costs as a result of the proposed measure. Local governments would continue to provide the same functions and services currently provided separately by 90 different local governments. However, the proposed measure would reallocate these functions and services *among* local governments. Therefore, any cost incurred by the Metro City in assuming a function or service would result in savings to the local government from which the function or service was assumed.[11]

Current local governments may claim a "cost" to their particular local government because, following enactment of the measure, their particular local government may not continue to receive all of the revenues it receives today. However, the measure requires that a Municipal District receive all revenues required to satisfy outstanding obligations

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[10] Several aspects of the measure support the reasonableness of the $55 million estimated savings to local governments by 2023 by requiring specific consolidations to occur during the transition period. For example, effective January 1, 2022, all county offices of the City are required to be fully consolidated into the corresponding offices of the Metro City. *See* Art. VI, Section 30.2(8). In addition, all municipal courts within the Metro City are to be fully consolidated by January 1, 2023. *See* Art. VI, Section 30.2(11)(a). The reasonableness of the $55 million estimated savings to local governments by 2023 is supported by fiscal note responses to a previously proposed constitutional amendment consolidating the City of St. Louis with St. Louis County, which estimated net savings of approximately $60.6 million annually from the consolidation of county functions. *See* Fiscal Note, SJR 3 (2015), L.R. No. 0525-01, *available at* http://www.moga.mo.gov/OverSight/Over20151//fispdf/0525-01N.ORG.pdf

[11] The Missouri Supreme Court has recognized that a new activity or service is not established when a governmental entity is simply required to continue an existing activity or service, *see Breitenfeld v. School Dist. of Clayton*, 399 S.W.3d 816, 826 (Mo. banc 2013); *see also State ex rel. City of Desloge v. St. Francois Cty.*, 245 S.W.3d 855, 861 (Mo. App. E.D. 2007) (requiring showing that County was "forced to hire additional employees or pay higher salaries to existing employees in order to carry out its duties" in order to establish a "new service or activity required of the County" as opposed to being "part of the County's existing duties."), nor when a measure merely reallocates obligations or revenues among various political subdivisions. *Berry v. State*, 908 S.W.2d 682, 685 (Mo. banc 1995); *see also Cty. of Jefferson v. Quiktrip Corp.*, 912 S.W.2d 487, 491 (Mo. banc 1995) (holding that reallocation of local revenue does not shift tax burden to local government and the act of distributing tax revenue is "part of the normal operations of any county" and therefore only a *de minimis* administrative activity not in violation of Hancock).

and necessary to provide municipal district services and a general district service until such service is assumed by the Metro City. *See* Art. VI, Section 30.5(2)(b). Moreover, all existing taxes, licenses, and fees are initially continued in order to ensure the same overall amount of revenue to local governments. *See* Art. VI, Section 30.5(2)(a). Thus, no local government would lose any revenues necessary to perform the functions they remain authorized to perform, although a portion of the revenue a particular local government previously received would be reallocated to another local government—the Metro City—for services now provided by that local government—the Metro City. Indeed, the difference between the amount of revenue currently received by a particular local government and the amount of revenue actually required to satisfy outstanding obligations and necessary to provide services represents potential overall savings to local governments from the more efficient allocation of service provision and supporting revenues.

With respect to elections, no cost to local governments should be reflected in the fiscal note and fiscal summary. The proposed measure requires the Missouri General Assembly to enact legislation to provide for an election authority for the Metro City. Art. VI, Section 30.7(1)(a). Until such time, the current Board of Election Commissioners in the City and County are required to cooperate in the conduct of elections within the Metro City. *Id.* Therefore, any costs related to the conduct of elections should be reflected in connection with legislation to create such election authority, as opposed to in the fiscal note and fiscal summary for the measure.

III. State Government Positive Fiscal Impact

A. Increased State Revenues

The measure will have a significant positive impact on state revenues resulting from the required reduction, and ultimate elimination, of the earnings tax and payroll expense tax and the required reduction of property taxes. As such taxes are reduced, the amount of deductions that can be claimed by individual taxpayers against Missouri income and the expenses claimed by businesses for the payment of such taxes will also be reduced. Both will generate new state revenues.

Better Together has performed a detailed analysis of the additional state revenue generated by reductions in Missouri income tax from 2023 through 2032 as a result of the local tax reductions required under the measure.[12] Based on this analysis, the fiscal note and fiscal summary should reflect that the measure will result in increased state revenues of up to $636,695 in 2023, increasing up to $6.95 million annually in 2032 and each year thereafter. The fiscal note and fiscal summary should reflect that the measure would generate up to $40 million in new state revenue from 2022 to 2032.

[12] *See Better Together Policy Recommendations: Analysis of New State Tax Revenue.*

B. State Costs

The proposed measure would neither establish a new program or state agency, nor duplicate an existing program or state agency. Any one-time implementation costs can be assumed within existing resources. Moreover, new state revenues generated by the proposed measure would more than offset any one-time implementation costs.

IV. Other Political Subdivisions

The proposed measure will be cost neutral to other political subdivisions. School districts, fire protection districts, and other special districts are not reorganized pursuant to the amendment. *See* Art. VI, Sections 30.1(1)(i); 30.9(1)(a); 30.10(1)(1).[13] Accordingly, the fiscal note and fiscal summary should not reflect any costs or savings to any other political subdivisions.

V. Small Business

The proposed measure would provide a significant positive fiscal impact for small business by eliminating bureaucracy and unnecessary regulatory complexity, by streamlining government operations affecting small businesses, and by reducing earnings, payroll expense, and property taxes.

VI. Proposed Fiscal Note Summary

This proposal is estimated to generate savings to local governments of up to $55 million annually by 2023 and up to $1 billion annually by 2032. Reduced earnings, payroll, and property taxes are estimated to increase state revenues by up to $40 million through 2032.

[13] "Special districts" are defined to include "any political subdivision, municipal corporation, body corporate and politic, authority, metropolitan district, taxing district, taxing subdistrict, public corporation, or quasi-public corporation created pursuant to this constitution, law, charter, ordinance, or resolution, other than the county of St. Louis or a municipality, located wholly or partially within the territory in the city of St. Louis or the county of St. Louis immediately prior to the effective date of this section." Art. VI, Section 30.1(1)(i).

Better Together Policy Recommendation
Analysis of New State Tax Revenue

Better Together's policy recommendation is estimated to result in increased state revenues of up to $636,695 in 2023, increasing to up to $6.95 million in new state revenue annually in 2032 and each year thereafter. Over the ten-year period from 2022 to 2032, the Better Together policy recommendation would generate up to $40 million in new state revenue.

Beginning in 2022, the one-percent earnings tax will be reduced annually by one-tenth of one percent until eliminated in the manner provided in current law, Section 92.015, RSMo., due to the failure to reauthorize the tax in 2021. Beginning in 2022, the one-half of one percent payroll expense tax imposed by the City will be reduced annually by one-twentieth of one percent until eliminated. In 2023, the general revenue property tax levied in the former County is to be reduced to yield no greater than half the revenue generated by the levy during the prior year. In 2024, the general revenue county purposes property tax levy in the former City is replaced with the lowered general revenue property tax levied in the former County.

As the earnings tax, payroll tax, and property taxes decrease, the taxable income of individuals and corporations increase. The state tax revenue base thereby increases resulting in new state tax revenue.

The following is a description of the methodology used in analyzing the additional state tax revenue resulting from Better Together's policy recommendation. The following also includes a description of other estimates of additional state revenue from the reduction of the earnings tax and payroll expense tax to support the reasonableness of this analysis and its conclusions.

I. Earnings Tax Analysis

Pursuant to the City of St. Louis FY 2018 CAFR, the earnings tax revenue base was $3,787,500,000 for business and $14,558,200,000 for individuals.[1] This equates to a split of the earnings tax revenue base of approximately 20.65% business and 79.35% individual. The split between business and individual is relevant to state tax impact due to the method by which the payment of the tax may be utilized by taxpayers. In particular, an individual must itemize deductions and take such tax payment as a deduction to have an impact. However, a business uses the payment of tax as an expense, which reduces income and is either reported by the entity (corporation) or is passed to its owners (partnership/LLC). Thus, the analysis segregates the business and individual allocation between the earnings tax revenue base.

A. Individuals subject to Earnings Tax

Based on the City of St. Louis 2018 CAFR, the total earnings tax revenue base is $18,345,700,000. The individual portion of the earnings tax revenue base is approximately

[1] City of St. Louis, 2018 Comprehensive Annual Financial Report, Pg. 210, *available at* https://www.stlouis-mo.gov/government/departments/comptroller/documents/upload/CityofStLouisMO_CAFR-FY18.PDF.

79.35% of such base or approximately $14,558,200,000. Based on this information, 2018 aggregate individual earnings tax is $145,582,000.

The earnings tax paid by individuals impacts state tax revenue when such individuals itemize deductions and claim a deduction for such tax payment. An individual that itemizes deductions thereby reduces his/her taxable income. Based on the 2008 Fiscal Note prepared by the State Auditor's Office related to a ballot measure to phase-out the earnings tax if not reauthorized by voters, approximately 28.06% of Missouri individual tax filers itemized deductions.[2] Thus, the analysis assumes that only 28.06% of the earnings tax paid by individuals has an impact on the state tax revenue. Data is not available to show a different deduction rate, such as any change in deduction rates due to recent changes to federal tax laws.

The analysis uses the statutory individual income tax rate and reflects a decrease in the rate based on current Missouri statutes. The calculations in Section I.A. of the analysis reflect the foregoing, along with the assumption that the earnings tax revenue base is constant.

B. Businesses subject to Earnings Tax

Based on the St. Louis City FY2018 CAFR, the total earnings tax revenue base is $18,345,700,000. The business portion of the earnings tax revenue base is approximately 20.65% of such base or approximately $3,787,500,000. Based on such information, 2018 aggregate business earnings tax is $37,875,000.

Payment of the earnings tax is a business expense which will reduce the income of the business. Such reduced income is then taxed on either a corporate income tax return for a corporation or an individual income tax return if the business does not pay income tax but instead passes the income to its owners, such as a partnership. To analyze the tax impact, the tax effect must be segregated between corporation income tax and individual income tax. The corporate income tax rate is different than the individual income tax rate. Thus, the impact on state revenue depends in part on whether a corporation or an individual is reporting the income.

Per the Missouri Department of Revenue Financial and Statistical Report FYE June 30, 2017, 3,002,736 individual returns were filed and 146,282 corporate returns were filed.[3] Thus, 95.35% of income tax returns were individual returns and 4.65% were corporate returns. Such percentages can be applied to the business portion of the earnings tax to determine an approximate amount reported by individuals and corporations respectively.

The analysis in Section I.B. applies these percentages to the earnings tax applicable to the business portion of the earnings tax revenue base. Section I.B.1. analyzes the impact using the foregoing percentages and the applicable individual income tax rate. The individual taxpayer will

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[2] *See* Fiscal Note (09-62), Office of the Missouri State Auditor, *available at* https://app.auditor.mo.gov/Repository/Notes/09-62.pdf. This is consistent with the 29% deduction rate assumed by the Office of Administration Division of Budget and Planning (OA-B&P) in its response to a prior initiative petition seeking to enact the Better Together policy recommendation (IP 2020-039).

[3] Missouri Department of Revenue Financial and Statistical Report FYE June 30, 2017, Pg. 18, Income Tax Summary of Activities, *available at* https://dor.mo.gov/cafr/documents/financialstatreport17.pdf.

be reporting the net business income, which has already been reduced by the earnings tax paid by the business. Therefore, unlike the analysis in Section I.A. above, the analysis does not include factoring in the deduction rate. Instead, the analysis looks at what happens to state tax revenue as the income of a business increases due to the reduced earnings tax expense. The difference in the expense amount from the original 2018 data is taxed at the individual income tax rate.

The analysis in Section I.B.2 addresses the business portion of the earnings tax, which can be attributable to corporations based on the corporate return rate above. The analysis looks at what happens to state tax revenue as the income of a corporation increases due to the reduced earnings tax expense. The difference in the expense amount from the original 2018 data is taxed at the corporate income tax rate.

II. Payroll Expense Tax Analysis

The payroll expense tax is applicable to businesses with payroll expenses. Such taxes are paid by the business and reduce business income. Similar to the analysis in I.B. above, the business income is either reported by a corporation or an individual owner of the business. The analysis is similar to I.B. above and is apportioned between individual reporting and corporation reporting. The individual reporting again does not factor in the deduction since the tax reduces the business income and is not an itemized deduction. The reduction in the payroll expense tax results in increased income of individuals and corporations, which in return results in new state tax revenue.

III. Property Tax Analysis

The Better Together policy recommendations include a reduction in the County general revenue property tax in 2023 followed by application of the lower County general revenue property tax in place of the higher City county purposes property tax in 2024.

A. County Property Tax Analysis

The assessed values for each class of property in the County are individually reported in the St. Louis County 2017 CAFR.[4] The Missouri Auditor's Office 2017 Property Tax Rates ("2017 Rates Report") sets forth the permitted rates for the County general revenue property tax for each class of property.[5] The assessed values and rates were utilized to determine such portion of the property tax currently. Per the policy recommendation, the general revenue levy of the County will be reduced to generate approximately 50% of the revenue for the prior year. For purposes of the analysis, 50% of the rates reported in the 2017 Rates Report has been utilized.

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[4] St. Louis County Comprehensive Annual Financial Report for the Year Ended December 31, 2017, Pg. 180, *available at* https://www.stlouisco.com/Portals/8/2017%20CAFR.pdf

[5] Office of Missouri State Auditor Nicole Galloway, CPA, 2017 Property Tax Rates, Appendix VIII, Pg. 116, *available at* https://app.auditor.mo.gov/Repository/Press/2017143113567.pdf?_ga=2.196564524.1676225323.1550249944-1961047601.1502219957

To determine the impact on state revenue of this property tax reduction, the reductions must be apportioned between individual taxpayers and businesses. Available information does not fully apportion property tax payments in the County, although the County 2017 CAFR does report the principal property taxpayers, which are businesses and which account for 5.8% of the assessed value.[6] This percentage is utilized to allocate property taxes 94.2% for individuals and at least 5.8% for businesses.

The allocation between business and individual is relevant to state tax impact due to the method by which the payment of tax may be utilized by taxpayers. As discussed above in section I.A., an individual must itemize deductions and take such tax payment as a deduction to have an impact. However, a business uses the payment of tax as an expense, which reduces income and is either reported by the entity (corporation) or is passed to its owners (partnership/LLC). Thus, the analysis segregates the business and individual allocation of the property tax.

Based on the St. Louis County 2017 CAFR and Auditor's 2017 Rates Report, the applicable general revenue property tax generated approximately $47,124,464. For purposes of this analysis and based on the information set forth below, this property tax is allocated 94.2% to individuals, such that individual taxpayers paid $44,391,245 of the total general revenue property tax. Such individual amount will be subject to itemized deductions for reporting and the methodology applies the deduction percentage as stated in Section I.A. above. The 5.8% of the general revenue property tax apportioned to businesses is allocated between corporations and individuals similar to the analysis in Section I.B. above based on the percentage of returns filed.

The analysis uses the statutory individual income tax rate and corporate tax rates similar to the analysis in Sections I and II above. The assessed value of property was constant in the analysis.

B. City Property Tax Analysis

St. Louis City levies property tax on all classes of property at a single tax rate. The assessed value of City property subject to the property tax for county purposes and the rate of such tax is reported in the Auditor's 2017 Rates Report.[7] In 2024, the county purposes property tax in the former City would be replaced with the County general revenue property tax as reduced per the recommendation, resulting in a reduced rate applicable to all classes of property.

Similar to the analysis for the reduction of the County general revenue property tax in Section III.A., the county purpose property tax in the City must be apportioned between individuals and businesses. The principal taxpayers of the property tax reported in the St. Louis City 2018 CAFR are all businesses and account for 11.99% of the assessed value.[8] This percentage is used to allocate the county purposes property tax between individuals 88.01% and businesses 11.99%. The analysis utilizes a similar approach as in Section III.A. above to allocate and calculate the current apportionment to determine future state tax revenue impact.

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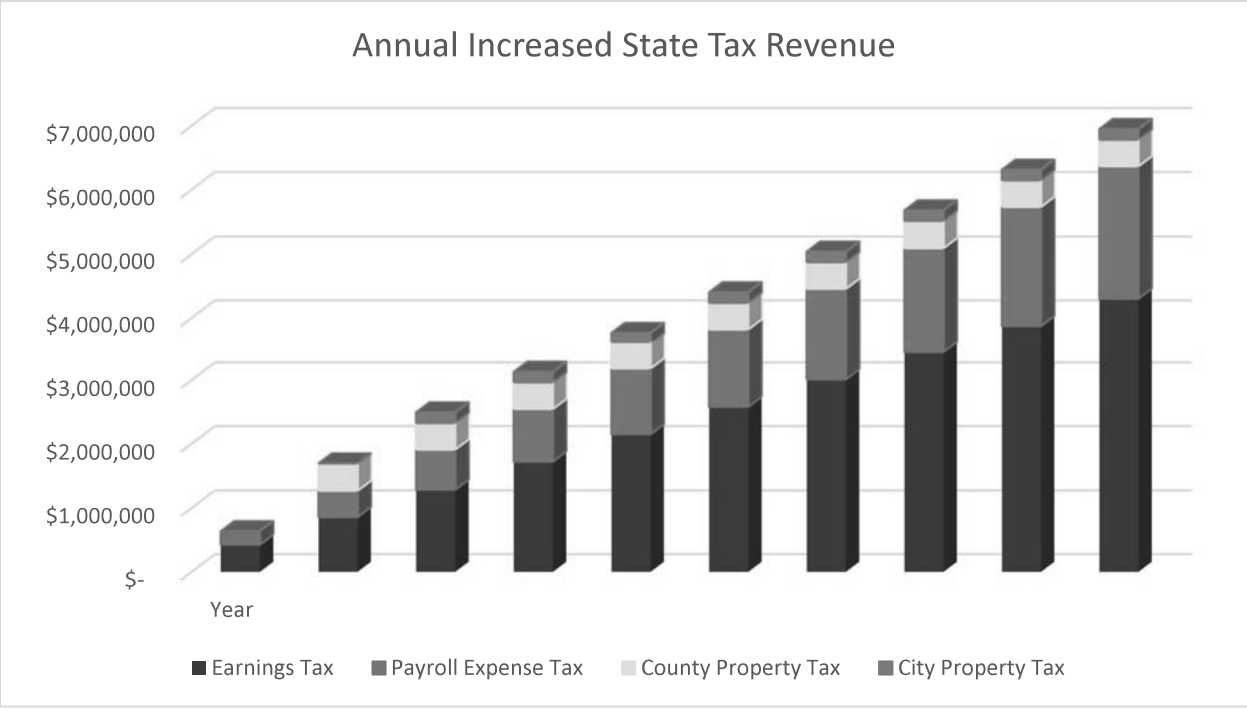
[6] St. Louis County 2017 CAFR, Pg. 182.
[7] Auditor's 2017 Rate Report, Appendix VII, Pg. 108.
[8] St. Louis City 2018 CAFR, Table 7, Pg. 208.

Under the policy recommendation, in 2024, when the County property tax would replace the City's county purposes property tax, the classes of property will become relevant. The City 2018 CAFR reports classifications of property and the assessed values thereof.[9] These values are used to apply the reduced County property tax rates provided in the analysis in Section III.A. above to the relevant class of property (with manufacturer's machinery tools and equipment added to personal property classification). The analysis does not factor in tax-exempt property, since sufficient information is not provided in the CAFR to allocate such amount to the classes of property.

IV. New State Revenues

Based on the foregoing analysis and as reflected in the enclosed materials, the phase-out of the earnings tax and payroll expense tax and the reduction in property tax would result in new state revenues beginning in 2023 and increasing each year until 2032. The tables below summarize the new state revenue each year resulting from the policy recommendation.

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Additional State Tax Revenue	$636,695	$1,690,146	$2,491,446	$3,128,142	$3,764,837	$4,401,533	$5,038,228	$5,674,923	$6,311,619	$6,948,314



[9] St. Louis City 2018 CAFR, Table 5, Pg. 206.

V. Additional Information

A. Prior Fiscal Notes on Earnings Tax Measures

The above estimate of new state revenue is consistent with prior estimates of new state revenue from the phase-out of the earnings tax over a period of ten years. This additional information is provided merely for comparison, with differences between the present analysis noted below.

For example, Senate Substitute for Senate Bill 575 (2016) would have phased-out the City of St. Louis earnings tax by one-tenth of one percent each year for ten years.[10] Relying on an estimated $160 million annually in earnings tax revenue and a six percent income tax rate, the Oversight Division assumed an increase in state revenue of up to $1.92 million in the first full tax year and up to $9.6 million annually once the tax is fully eliminated.

Unlike the present analysis, this estimate does not apportion the taxes paid between individuals and businesses and does not apply a deduction factor. Therefore, this estimate likely overstates the additional state revenues that would be generated by the earnings tax phase-out. The payroll expense tax was not phased-out as part of the proposal analyzed by the fiscal note, and therefore the fiscal note does not reflect additional state revenue from the phase-out of the payroll expense tax as provided in the Better Together policy recommendation.

The State Auditor's Office similarly reflected a positive impact to state revenues as a result of the ten year phase-out of the earnings tax.[11] The State Auditor's fiscal note for an initiative petition related to the earnings tax in St. Louis and Kansas City adopted in November 2010 noted that in 2008, the City of St. Louis collected $174.9 million annually in earnings tax and the City of Kansas City collected $202.5 million annually, for a total of $377.4 million in annual earnings taxes paid. The Missouri Department of Revenue reported that $105.9 million in deductions were claimed for earnings taxes in St. Louis and Kansas City in tax year 2008. Assuming a 4.5-percent effective individual income tax rate, the Office of Administration estimated a $4.8 million annual increase in state revenues when fully implemented, and a $500,000 increase in state revenues in the first year of the phase-out. Accordingly, the fiscal summary issued by the Auditor and presented to the voters indicated that if the earnings tax was fully-phased out, "[r]educed earnings tax deductions could increase state revenues by $4.8 million."

Unlike the present analysis, this estimate does not apportion the taxes paid between individuals and businesses and therefore likely understates the additional state revenues that would be generated by the earnings tax phase-out. The payroll expense tax was not phased-out as part of the proposal analyzed by the fiscal note, and therefore the fiscal note does not reflect the additional state revenue from the phase-out of the payroll expense tax provided in the Better Together policy recommendation.

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[10] *See* Fiscal Note for Senate Committee Substitute for Senate Bill 575 (2016), *available at* http://www.moga.mo.gov/OverSight/Over20161//fispdf/5045-05N.ORG.pdf

[11] *See* Fiscal Note (09-62), Office of the Missouri State Auditor, *available at* https://app.auditor.mo.gov/Repository/Notes/09-62.pdf.

B. OA-B&P Response to 2020-039

In its fiscal note response to a prior initiative petition seeking to enact the Better Together policy recommendations (IP 2020-039), the Office of Administration Division of Budget and Planning (OA-B&P) estimated that the Better Together policy recommendations could increase state revenues by $3.2 million once fully implemented. However, OA-B&P assumed that the phase-out of the earnings tax and payroll expense tax would occur over a period of twenty years, rather than over a period of ten years as provided in the language of the policy recommendations. Specifically, the language of the policy recommendation requires the one percent earnings tax to phase out by one-tenth-of-one percent annually for ten years pursuant to existing law, *see* Section 92.015, RSMo., and the one half-percent payroll expense to phase out by one-twentieth of one percent annually over ten years.[12] Based on its assumption that the phase-out was over a 20-year period rather than a 10-year period, OA-B&P reflected an annual increase in state revenues over a period of 20 years from 2022 through 2042, rather than over a 10-year period from 2022 through 2032.

In addition to the longer phase-out period assumed, the OA-B&P fiscal note response also understated the positive impact to state revenue by failing to account for the distinction between individual and business taxpayers, both of whom pay the earnings tax. As discussed above, during FY 2018, the earnings tax revenue base was $3,787,500,000 for businesses and $14,558,200,000 for individuals, which equates to an apportionment of approximately 20.65% business and 79.35% individual. This apportionment affects state tax revenues as individuals who pay the tax report the payment as an itemized deduction on their tax returns. However, a business that pays the tax treats the tax as an expense, which affects the net income of the business. Accordingly, applying a deduction rate to the entire earnings tax, as the OA-B&P fiscal note response does, fails to recognize that a portion of the tax is not required to be itemized in order to impact the income of taxpayers and thereby impact state revenues. The methodology discussed above and reflected in the supporting materials recognizes the apportionment between individuals and businesses in determining state revenue impact by applying a deduction rate to the tax paid by individuals, while not applying a deduction rate to the tax apportioned to businesses.

There are a number of additional distinctions between the present analysis and the OA-B&P response. First, unlike the OA-B&P analysis, the present analysis uses statutory rates of tax recognizing that a portion of the businesses paying the tax are corporations based on the Department of Revenue's apportionment between individual and corporate tax returns. Second, the OA-B&P response does not distinguish between the positive state revenue impact from the earnings tax and payroll expense tax, which further understates the estimated new state revenues. Unlike the earnings tax, which is largely assessed against individual earnings, the payroll expense tax is assessed based on the payroll expenses of businesses. As such, the payroll expense tax is a business cost that would reduce the income of the business and is not a separate itemizable deduction of an individual. Accordingly, no deduction rate should be applied to the payroll

[12] *See* Article VI, Section 30.7(2)(a) ("Upon the failure to submit any question to voters with respect to the continued levy or imposition of any tax on earnings, such tax shall be reduced in *the manner provided by law*, and any tax on payroll expense levied or imposed by a municipality prior to the effective date of this section shall be reduced by one-twentieth of one percent annually until such tax is eliminated.") (emphasis added).

expense tax reduction, and, by doing so, the OA-B&P fiscal note response understates the positive state revenue impact of the Better Together policy proposal.

Finally, the OA-B&P response understates the additional state revenue generated by the Better Together policy recommendation because it does not address the required property tax reductions and the additional state revenues such reductions would generate.

St. Louis City Earnings Tax and Payroll Expense Tax
Analysis of Increased State Tax Revenue
from Reduction and Elimination of Earnings Tax

I. EARNINGS TAX ANALYSIS	2018	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenue Base--Earnings subject to Tax [1]	$ 18,345,700,000	$ 18,345,700,000	$ 18,345,700,000	$ 18,345,700,000	$ 18,345,700,000	$ 18,345,700,000	$ 18,345,700,000	$ 18,345,700,000	$ 18,345,700,000	$ 18,345,700,000	$ 18,345,700,000
Earnings Tax Rate	1.00%	0.90%	0.80%	0.70%	0.60%	0.50%	0.40%	0.30%	0.20%	0.10%	0.00%
Earnings Tax	$ 183,457,000	$ 165,111,300	$ 146,765,600	$ 128,419,900	$ 110,074,200	$ 91,728,500	$ 73,382,800	$ 55,037,100	$ 36,691,400	$ 18,345,700	$ -
A. Individual Earnings Subject to Earnings Tax											
Individual Earnings Percentage of Tax Revenue Base [2]	79.35%	79.35%	79.35%	79.35%	79.35%	79.35%	79.35%	79.35%	79.35%	79.35%	79.35%
Individual Revenue Base	$ 14,558,200,000										
Individual Earnings Tax	$ 145,582,000	$ 131,023,800	$ 116,465,600	$ 101,907,400	$ 87,349,200	$ 72,791,000	$ 58,232,800	$ 43,674,600	$ 29,116,400	$ 14,558,200	$ -
Deduction Rate (per 2008 info) [3]	28.06%										
Deductions of Individual Earnings Tax	$ 40,850,309	$ 36,765,278	$ 32,680,247	$ 28,595,216	$ 24,510,186	$ 20,425,155	$ 16,340,124	$ 12,255,093	$ 8,170,062	$ 4,085,031	$ -
Increased Individual State Income over 2018 (Decrease in Deductions)		$ 4,085,031	$ 8,170,062	$ 12,255,093	$ 16,340,124	$ 20,425,155	$ 24,510,186	$ 28,595,216	$ 32,680,247	$ 36,765,278	$ 40,850,309
Statutory Individual Income Tax Rate [4]	5.900%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%
Additional State Tax Revenue - Individual Earnings[7]		$ 224,677	$ 449,353	$ 674,030	$ 898,707	$ 1,123,384	$ 1,348,060	$ 1,572,737	$ 1,797,414	$ 2,022,090	$ 2,246,767
B. Business Earnings Subject to Earnings Tax											
Business Earnings Percentage of Tax Revenue Base [2]	20.65%										
Business Revenue Base	$ 3,787,500,000										
Business Earnings Tax	$ 37,875,000	$ 34,087,500	$ 30,300,000	$ 26,512,500	$ 22,725,000	$ 18,937,500	$ 15,150,000	$ 11,362,500	$ 7,575,000	$ 3,787,500	$ -
1. Business Earnings Reported by Individuals											
Individual Percent per 2017 Tax Returns Filed in MO [5]	95.35%										
Business Earnings Tax Reported by Individuals	$ 36,113,291	$ 32,501,962	$ 28,890,633	$ 25,279,304	$ 21,667,975	$ 18,056,645	$ 14,445,316	$ 10,833,987	$ 7,222,658	$ 3,611,329	$ -
Increase to Individual Income (Decrease in Earnings Tax Expense, Increased Business Income)		$ 3,611,329	$ 7,222,658	$ 10,833,987	$ 14,445,316	$ 18,056,645	$ 21,667,975	$ 25,279,304	$ 28,890,633	$ 32,501,962	$ 36,113,291
Statutory Individual Income Tax Rate [4]	5.900%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%
Additional State Tax Revenue - Business Earnings at Individual Rates[7]		$ 198,623	$ 397,246	$ 595,869	$ 794,492	$ 993,116	$ 1,191,739	$ 1,390,362	$ 1,588,985	$ 1,787,608	$ 1,986,231
2. Business Earnings Reported by Corporations											
Corporate Percent per 2017 Tax Returns Filed in MO [5]	4.65%										
Business Earnings Tax Reported by Corporations	$ 1,761,709	$ 1,585,538	$ 1,409,367	$ 1,233,196	$ 1,057,025	$ 880,855	$ 704,684	$ 528,513	$ 352,342	$ 176,171	$ -
Increase to Corporate Income (Decrease in Earnings Tax Expense, Increased Corporate Income)		$ 176,171	$ 352,342	$ 528,513	$ 704,684	$ 880,855	$ 1,057,025	$ 1,233,196	$ 1,409,367	$ 1,585,538	$ 1,761,709
Statutory Corporate Income Tax Rate [6]	6.25%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Additional State Tax Revenue - Business Earnings at Corporate Rates[7]		$ 7,047	$ 14,094	$ 21,141	$ 28,187	$ 35,234	$ 42,281	$ 49,328	$ 56,375	$ 63,422	$ 70,468
Total Additional Annual State Tax Revenue - Earnings Tax[7]		**$ 430,347**	**$ 860,693**	**$ 1,291,040**	**$ 1,721,387**	**$ 2,151,733**	**$ 2,582,080**	**$ 3,012,426**	**$ 3,442,773**	**$ 3,873,120**	**$ 4,303,466**

Assumptions:

1. Earnings Tax Revenue Base as reported in St. Louis City FY 2018 CAFR, Table 9 of Statistical Section. Such amounts are constant throughout the term and are not adjusted to reflect inflation.
2. Percentage of Earnings Tax Revenue reported by individuals or business based on FY 2018 Revenue Base as reported at St. Louis City FY 2018 CAFR, Table 9 of Statistical Section.
3. Deductions are based on the same proportion of deductions to the earnings tax per the State Auditor November 2010 Note.
4. 2018 Individual Income Tax Rate is the adjusted rate per RSMo. §§143.011.1 and 143.011.2. Thereafter, the rate is the rate provided per §143.011.3 without additional adjustments.
5. Percentage of Income Tax Returns of Individuals and Corporations based on Missouri DOR Financial and Statistical Report FYE June 20, 2017, Income Tax Summary of Activities.
6. 2018 Corporate Tax Rate is per RSMo. §143.071.2 and 2020 and thereafter is based on §143.071.3.
7. State Tax Revenue impact will be recognized in the year following the taxation. Summary information accounts for such delay by reporting the impact the year following the calculations above.

St. Louis City Earnings Tax and Payroll Expense Tax
Analysis of Increased State Tax Revenue
from Reduction and Elimination of Payroll Expense Tax

II. PAYROLL EXPENSE TAX ANALYSIS

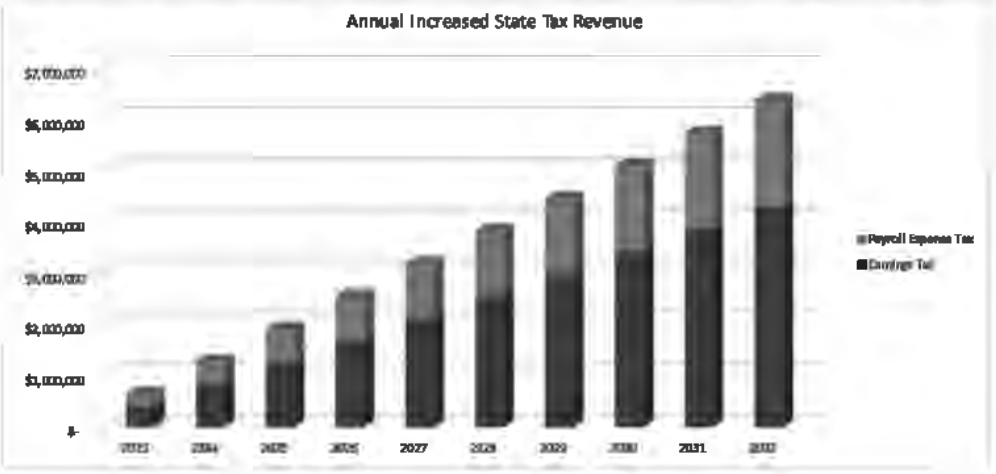
	2018	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Payroll Expense subject to Tax [1]	$ 7,600,000,000	$ 7,600,000,000	$ 7,600,000,000	$ 7,600,000,000	$ 7,600,000,000	$ 7,600,000,000	$ 7,600,000,000	$ 7,600,000,000	$ 7,600,000,000	$ 7,600,000,000	$ 7,600,000,000
Payroll Expense Tax Rate	0.50%	0.4500%	0.40%	0.35%	0.30%	0.25%	0.20%	0.15%	0.10%	0.05%	0.00%
Payroll Expense Tax	$ 38,000,000	$ 34,200,000	$ 30,400,000	$ 26,600,000	$ 22,800,000	$ 19,000,000	$ 15,200,000	$ 11,400,000	$ 7,600,000	$ 3,800,000	$ -
A. Business Income (Reduced by Payroll Expense Tax) Reported by Individuals											
Individual Percent per 2017 Tax Returns Filed in MO [4]	95.35%										
Payroll Expense Tax as Reduction to Business Income reported by Individuals	$ 36,232,477	$ 32,609,229	$ 28,985,981	$ 25,362,734	$ 21,739,486	$ 18,116,238	$ 14,492,991	$ 10,869,743	$ 7,246,495	$ 3,623,248	$ -
Increased Business Income subject to Individual Rates		$ 3,623,248	$ 7,246,495	$ 10,869,743	$ 14,492,991	$ 18,116,238	$ 21,739,486	$ 25,362,734	$ 28,985,981	$ 32,609,229	$ 36,232,477
Statutory Individual Income Tax Rate [6]	5.900%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%
Additional State Tax Revenue - Payroll Expense Tax at Individual Rates[7]		$ 199,279	$ 398,557	$ 597,836	$ 797,114	$ 996,393	$ 1,195,672	$ 1,394,950	$ 1,594,229	$ 1,793,508	$ 1,992,786
B. Business Income (Reduced by Payroll Expnese Tax) Reported by Corporations											
Corporate Percent per 2017 Tax Returns Filed in MO [5]	4.65%										
Payroll Expense Tax as Reduction to Business Income reported by Corporations	$ 1,767,523	$ 1,590,771	$ 1,414,019	$ 1,237,266	$ 1,060,514	$ 883,762	$ 707,009	$ 530,257	$ 353,505	$ 176,752	$ -
Increased Business Income subject to Corporate Rates		$ 176,752	$ 353,505	$ 530,257	$ 707,009	$ 883,762	$ 1,060,514	$ 1,237,266	$ 1,414,019	$ 1,590,771	$ 1,767,523
Statutory Corporate Income Tax Rate [5]	6.25%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Additional State Tax Revenue - Payroll Expense Tax at Corporate Rates[7]		$ 7,070	$ 14,140	$ 21,210	$ 28,280	$ 35,350	$ 42,421	$ 49,491	$ 56,561	$ 63,631	$ 70,701
Additional Annual State Tax Revenue – Payroll Expense Tax[7]		**$ 206,349**	**$ 412,697**	**$ 619,046**	**$ 825,395**	**$ 1,031,744**	**$ 1,238,092**	**$ 1,444,441**	**$ 1,650,790**	**$ 1,857,138**	**$ 2,063,487**

Assumptions:

1. Earnings Tax Revenue Base as reported in St. Louis City FY 2018 CAFR, Table 9 of Statistical Section. Such amounts are constant throughout the term and are not adjusted to reflect inflation.
2. Percentage of Earnings Tax Revenue reported by individuals or business based on FY 2018 Revenue Base as reported at St. Louis City FY 2018 CAFR, Table 9 of Statistical Section.
3. Deductions are based on the same proportion of deductions to the earnings tax per the State Auditor November 2010 Note.
4. 2018 Individual Income Tax Rate is the adjusted rate per RSMo. § §143.011.1 and 143.011.2. Thereafter, the rate is the rate provided per §143.011.3 without additional adjustments.
5. Percentage of Income Tax Returns of Individuals and Corporations based on Missouri DOR Financial and Statistical Report FYE June 20, 2017, Income Tax Summary of Activities.
6. 2018 Corporate Tax Rate is per RSMo. §143.071.2 and 2020 and thereafter is based on §143.071.3.
7. State Tax Revenue impact will be recognized in the year following the taxation. Summary information accounts for such delay by reporting the impact the year following the calculations above.

St. Louis City Earnings Tax and Payroll Expense Tax
Summary of Analysis of Increased State Tax Revenue
With One Year Lag for Recognition

	Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
I.	Earnings Tax - Additional State Revenue	$ 430,347	$ 860,693	$ 1,291,040	$ 1,721,387	$ 2,151,733	$ 2,582,080	$ 3,012,426	$ 3,442,773	$ 3,873,120	$ 4,303,466
II.	Payroll Expense Tax – Additional State Revenue	$ 206,949	$ 412,697	$ 619,046	$ 825,995	$ 1,031,744	$ 1,238,092	$ 1,444,441	$ 1,650,790	$ 1,857,138	$ 2,063,487
Total	Additional State Tax Revenue (from prior year tax reporting)	$ 637,295	$ 1,273,391	$ 1,910,086	$ 2,546,781	$ 3,183,477	$ 3,820,172	$ 4,456,867	$ 5,093,563	$ 5,730,258	$ 6,366,954



St. Louis City and County Property Tax
Analysis of Increased State Tax Revenue
from Reduction of Property Tax

III.A. ST. LOUIS COUNTY TAX ANALYSIS

	2017-2018				2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
	Assessed Value Subject to Tax[1]	Rate[2]	Tax	New Rate[3]										
Personal Property	$ 3,087,099,360	0.209%	$ 6,452,038	0.1045%	$ 3,226,019	$ 3,226,019	$ 3,226,019	$ 3,226,019	$ 3,226,019	$ 3,226,019	$ 3,226,019	$ 3,226,019	$ 3,226,019	$ 3,226,019
Residential Real Estate	$ 14,563,102,590	0.195%	$ 28,398,050	0.0975%	$ 14,199,025	$ 14,199,025	$ 14,199,025	$ 14,199,025	$ 14,199,025	$ 14,199,025	$ 14,199,025	$ 14,199,025	$ 14,199,025	$ 14,199,025
Commercial Real Estate	$ 6,194,038,230	0.198%	$ 12,264,196	0.0990%	$ 6,132,098	$ 6,132,098	$ 6,132,098	$ 6,132,098	$ 6,132,098	$ 6,132,098	$ 6,132,098	$ 6,132,098	$ 6,132,098	$ 6,132,098
Agricultural Real Estate	$ 6,484,570	0.157%	$ 10,181	0.0785%	$ 5,090	$ 5,090	$ 5,090	$ 5,090	$ 5,090	$ 5,090	$ 5,090	$ 5,090	$ 5,090	$ 5,090
Total Property Tax			$ 47,124,464		$ 23,562,232	$ 23,562,232	$ 23,562,232	$ 23,562,232	$ 23,562,232	$ 23,562,232	$ 23,562,232	$ 23,562,232	$ 23,562,232	$ 23,562,232
A. Individual Property Tax														
Individual Percentage of Property Tax[4]			94.2%		94.2%	94.2%	94.2%	94.2%	94.2%	94.2%	94.2%	94.2%	94.2%	94.2%
Individual Property Tax			$ 44,391,245		$ 22,195,623	$ 22,195,623	$ 22,195,623	$ 22,195,623	$ 22,195,623	$ 22,195,623	$ 22,195,623	$ 22,195,623	$ 22,195,623	$ 22,195,623
Deduction Rate (per 2008 info[5])			28.06%											
Deductions of Individual Property Tax			$ 12,456,183		$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092
Increased Individual State Income over 2018 (Decrease in Deductions)					$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092	$ 6,228,092
Statutory Individual Income Tax Rate[6]			6.000%		5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%
Additional State Tax Revenue - Individual Property Tax					$ 342,545	$ 342,545	$ 342,545	$ 342,545	$ 342,545	$ 342,545	$ 342,545	$ 342,545	$ 342,545	$ 342,545
B. Business Property Tax														
Business Property Tax Percentage[4]			5.8%											
Business Property Tax			$ 2,733,219		$ 1,366,609	$ 1,366,609	$ 1,366,609	$ 1,366,609	$ 1,366,609	$ 1,366,609	$ 1,366,609	$ 1,366,609	$ 1,366,609	$ 1,366,609
1. Business Property Tax Reported by Individuals														
Individual Percent per 2017 Tax Returns Filed in MO			95.35%											
Business Property Tax Reported by Individuals			$ 2,606,087		$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043
Increase to Individual Income (Decrease in Property Tax Expense, Increased Business Income)					$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043	$ 1,303,043
Statutory Individual Income Tax Rate[6]			6.00%		5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%
Additional State Tax Revenue - Business Property Tax at Individual Rates[7]					$ 71,667	$ 71,667	$ 71,667	$ 71,667	$ 71,667	$ 71,667	$ 71,667	$ 71,667	$ 71,667	$ 71,667
2. Business Property Tax Reported by Corporations														
Corporate Percent per 2017 Tax Returns Filed in MO			4.65%											
Business Property Tax Reported by Corporations			$ 127,132		$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566
Increase to Corporate Income (Decrease in Property Tax Expense, Increased Corporate Income)					$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566	$ 63,566
Statutory Corporate Income Tax Rate[8]			6.25%		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Additional State Tax Revenue - Business Property Tax at Corporate Rates[9]					$ 2,543	$ 2,543	$ 2,543	$ 2,543	$ 2,543	$ 2,543	$ 2,543	$ 2,543	$ 2,543	$ 2,543
Total Additional Annual State Tax Revenue - Property Tax					$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755

Assumptions:

1. Assessed Values per 2017 St. Louis County CAFR, pg 180.
2. St. Louis County 2017 Property Tax Rates General Revenue, Rate Ceilings Appendix VIII Pg 116 of Missouri Auditor 2017 Property Tax Rates.
3. Rate to be effective in 2023 based on a 50% reduction in tax rates.
4. Principal Property Tax Payers are businesses and account for 5.8% of the assessed value per 2017 St. Louis County CAFR, pg. 182. Such percentage is used to segregate the taxes between types of tax payers.
5. Deductions are based on the same proportion of deductions per the State Auditor November 2010 Note.
6. 2017 Individual Income Tax Rate is the adjusted rate per RSMo§§143.011.1 and 143.011.2. Thereafter, the rate is the rate provided per §143.011.3 without additional adjustments.
7. State Tax Revenue impact will be recognized in the year following the taxation. Summary information accounts for such delay by reporting the impact the year following the calculations above.
8. Percentage of Income Tax Returns of Individuals and Corporations based on Missouri DOR Financial and Statistical Report FYE June 20, 2017, Income Tax Summary of Activities.
9. 2018 Corporate Tax Rate is per RSMo§143.071.2 and 2020 and thereafter is based on §143.071.3.

Note per STLouis County CAFR – approximately 5.8% of the assessed value are businesses - p182

St. Louis City and County Property Tax
Analysis of Increased State Tax Revenue
from Reduction of Property Tax

III.B. ST. LOUIS CITY TAX ANALYSIS

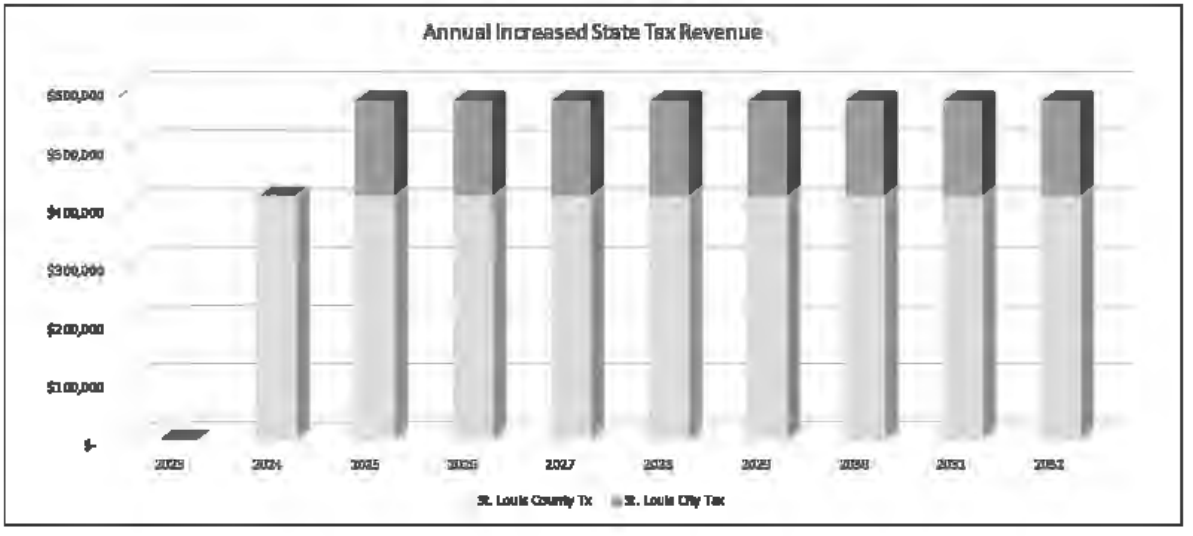
	2017-2018					2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	Assessed Value Subject to Tax[2]	Rate[1]	Tax	Assessed Value Subject to Tax[2]	Rate per County 2023										
Total Property Assessed Value per Auditor Report	$ 4,115,126,888	0.3429%	$ 14,110,770												
Personal Property and Manufacutrer's machinery, tools & equipment				$ 989,674,000	0.1045%	$ 1,034,209.33	$ 1,034,209.33	$ 1,034,209.33	$ 1,034,209.33	$ 1,034,209.33	$ 1,034,209.33	$ 1,034,209.33	$ 1,034,209.33	$ 1,034,209.33	$ 1,034,209.33
Residential Real Estate				$ 2,243,128,000	0.0975%	$ 2,187,049.80	$ 2,187,049.80	$ 2,187,049.80	$ 2,187,049.80	$ 2,187,049.80	$ 2,187,049.80	$ 2,187,049.80	$ 2,187,049.80	$ 2,187,049.80	$ 2,187,049.80
Commercial Real Estate				$ 2,724,759,000	0.0990%	$ 2,697,511.41	$ 2,697,511.41	$ 2,697,511.41	$ 2,697,511.41	$ 2,697,511.41	$ 2,697,511.41	$ 2,697,511.41	$ 2,697,511.41	$ 2,697,511.41	$ 2,697,511.41
Agricultural Real Estate				$ -	0.0785%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Property Tax			$ 14,110,770			$ 5,918,771	$ 5,918,771	$ 5,918,771	$ 5,918,771	$ 5,918,771	$ 5,918,771	$ 5,918,771	$ 5,918,771	$ 5,918,771	$ 5,918,771
A. Individual Property Tax															
Individual Percentage of Property Tax		88.01%				88.01%	88.01%	88.01%	88.01%	88.01%	88.01%	88.01%	88.01%	88.01%	88.01%
Individual Property Tax			$ 12,418,889			$ 5,209,110	$ 5,209,110	$ 5,209,110	$ 5,209,110	$ 5,209,110	$ 5,209,110	$ 5,209,110	$ 5,209,110	$ 5,209,110	$ 5,209,110
Deduction Rate (per 2008 info)		28.06%													
Deductions of Individual Property Tax			$ 3,484,740			$ 1,461,676	$ 1,461,676	$ 1,461,676	$ 1,461,676	$ 1,461,676	$ 1,461,676	$ 1,461,676	$ 1,461,676	$ 1,461,676	$ 1,461,676
Increased Individual State income over 2018 (Decrease in Deductions)			$ -			$ 2,023,064	$ 2,023,064	$ 2,023,064	$ 2,023,064	$ 2,023,064	$ 2,023,064	$ 2,023,064	$ 2,023,064	$ 2,023,064	$ 2,023,064
Statutory Individual Income Tax Rate[5]		6.000%				5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%
Additional State Tax Revenue - Individual Property Tax			$ -			$ 111,269	$ 111,269	$ 111,269	$ 111,269	$ 111,269	$ 111,269	$ 111,269	$ 111,269	$ 111,269	$ 111,269
B. Business Property Tax															
Business Property Tax Percentage[3]		11.99%				11.990%	11.990%	11.990%	11.990%	11.990%	11.990%	11.990%	11.990%	11.990%	11.990%
Business Property Tax			$ 1,691,881			$ 709,661	$ 709,661	$ 709,661	$ 709,661	$ 709,661	$ 709,661	$ 709,661	$ 709,661	$ 709,661	$ 709,661
1. Business Property Tax Reported by Individuals															
Individual Percent per 2017 Tax Returns Filed in MO		95.35%													
Business Property Tax Reported by Individuals			$ 1,613,186			$ 676,652	$ 676,652	$ 676,652	$ 676,652	$ 676,652	$ 676,652	$ 676,652	$ 676,652	$ 676,652	$ 676,652
Increase to Individual Income (Decrease in Property Tax Expense, Increased Business Income)			$ -			$ 936,534	$ 936,534	$ 936,534	$ 936,534	$ 936,534	$ 936,534	$ 936,534	$ 936,534	$ 936,534	$ 936,534
Statutory Individual Income Tax Rate[5]		6.00%				5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%
Additional State Tax Revenue - Business Property Tax at Individual Rates[7]			$ -			$ 51,509	$ 51,509	$ 51,509	$ 51,509	$ 51,509	$ 51,509	$ 51,509	$ 51,509	$ 51,509	$ 51,509
2. Business Property Tax Reported by Corporations															
Corporate Percent per 2017 Tax Returns Filed in MO		4.65%													
Business Property Tax Reported by Corporations			$ 78,696			$ 33,009	$ 33,009	$ 33,009	$ 33,009	$ 33,009	$ 33,009	$ 33,009	$ 33,009	$ 33,009	$ 33,009
Increase to Corporate Income (Decrease in Property Tax Expense, Increased Corporate Income)			$ -			$ 45,687	$ 45,687	$ 45,687	$ 45,687	$ 45,687	$ 45,687	$ 45,687	$ 45,687	$ 45,687	$ 45,687
Statutory Corporate Income Tax Rate[8]		6.25%				4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Additional State Tax Revenue - Business Property Tax at Corporate Rates[7]			$ -			$ 1,827	$ 1,827	$ 1,827	$ 1,827	$ 1,827	$ 1,827	$ 1,827	$ 1,827	$ 1,827	$ 1,827
Total Additional Annual State Tax Revenue - Property T[7]						$ 164,605	$ 164,605	$ 164,605	$ 164,605	$ 164,605	$ 164,605	$ 164,605	$ 164,605	$ 164,605	$ 164,605

Assumptions:

1. St. Louis City 2017 Property Tax Rates and Assessed Values General Revenue, Rate Ceilings Appendix VII Pg 108 of Missouri Auditor 2017 Property Tax Rates.
2. Assessed values of property categories per 2018 St. Louis City CAFR pg. 206.
3. Principal Property Tax Payers are businesses and account for 11.99% of the assessed value per 2018 St. Louis City CAFR pg 208.
4. Deductions are based on the same proportion of deductions per the State Auditor November 2010 Note.
5. 2017 Individual Income Tax Rate is the adjusted rate per RSMo§143.011.1 and 143.011.2. Thereafter, the rate is the rate provided per §143.011.3 without additional adjustments.
6. Percentage of Income Tax Returns of Individuals and Corporations based on Missouri DOR Financial and Statistical Report FYE June 20, 2017, Income Tax Summary of Activities.
7. State Tax Revenue impact will be recognized in the year following the taxation. Summary information accounts for such delay by reporting the impact the year following the calculations above.
8. 2018 Corporate Tax Rate is per RSMo§143.071.2 and 2020 and thereafter is based on §143.071.3.

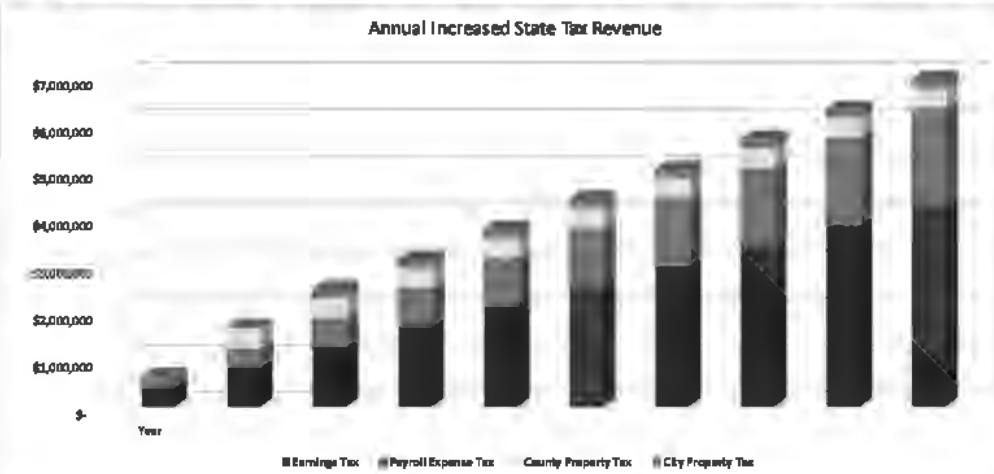
St. Louis City and County Property Tax
Summary of Analysis of Increased State Tax Revenue
With One Year Lag for Recognition

	Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
I.	St. Louis County Property Tax – Additional State Revenue	$ -	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755
II.	St. Louis City Property Tax – Additional State Revenue	$ -	$ -	$ 164,605	$ 164,605	$ 164,605	$ 164,605	$ 164,605	$ 164,605	$ 164,605	$ 164,605
Total Additional State Tax Revenue		$ -	$ 416,755	$ 581,360	$ 581,360	$ 581,360	$ 581,360	$ 581,360	$ 581,360	$ 581,360	$ 581,360



Summary of Analysis of Increased State Tax Revenue
Earnings Tax, Payroll Expense Tax & Property Tax
With One Year Lag for Recognition

Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
I. Earnings Tax - Additional State Revenue	$ 430,847	$ 880,698	$ 1,291,040	$ 1,721,387	$ 2,151,733	$ 2,582,080	$ 3,012,426	$ 3,442,773	$ 3,873,120	$ 4,303,466	$ 23,689,565
II. Payroll Expense Tax -- Additional State Revenue	$ 206,349	$ 412,697	$ 619,046	$ 825,395	$ 1,031,744	$ 1,238,092	$ 1,444,441	$ 1,650,790	$ 1,857,138	$ 2,063,487	$ 11,849,179
III.A. St. Louis County Property Tax -- Additional State Revenue	$ -	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 416,755	$ 3,750,796
III.B. St. Louis City Property Tax -- Additional State Revenue	$ -	$ -	$ 164,605	$ 164,605	$ 164,605	$ 164,605	$ 164,605	$ 164,605	$ 164,605	$ 164,605	$ 1,316,843
Total Additional State Tax Revenue	$ 636,695	$ 1,680,146	$ 2,491,446	$ 3,128,142	$ 3,764,837	$ 4,401,533	$ 5,038,228	$ 5,674,923	$ 6,311,619	$ 6,948,314	$ 40,088,883



Summary of Analysis of Increased State Tax Revenue
Earnings Tax, Payroll Expense Tax & Property Tax
Historical Data Computation

ST. Louis City 2018 CAFR Earnings Tax
Earnings Tax Revenue Base

	Business	Individual	Total	Individual Percent	Business Percent
2018	$ 3,787,500	$ 14,558,200	$ 18,345,700	79.35%	20.65%

Earnings Tax Revenue Base as reported in St. Louis City FY 2018 CAFR, Table 9 of Statistical Section. Such amounts are constant throughout the term and are not adjusted to reflect inflation.

MO Department of Revenue 2017 Number of Tax Returns

	Number of Returns	Percentage of Total Returns
Individual	3,002,736	95.35%
Corporation	146,482	4.65%
	3,149,218	

Missouri DOR Financial and Statistical Report FYE June 20, 2017, Income Tax Summary of Activities.

Better Together Policy Recommendations
Analysis of Local Government Savings

Executive Summary

Better Together's policy recommendation will result in significant savings in local government spending in the St. Louis region, beginning with savings of up to $55 million annually in 2023 and increasing to savings of up to $1 billion annually by 2032.

The enclosed analysis demonstrates savings to local governments over the ten-year period post-reorganization (2023 through 2032). The components of this savings include reductions in expenditures and surplus revenues over expenditures. During that period, the Metro City would reduce expenditures by up to $3.2 billion versus the current trend of expenditures over the same time period. In addition, over the same period, the Metro City would generate surplus revenues of $1.7 billion. This would result in a total savings to local governments over the ten-year period of up to $4.9 billion.

The following is a summary of the methodology used in analyzing savings to local governments pursuant to Better Together's policy recommendation.

Key Takeaways

- The Metro City, St. Louis Municipal Corporation, and Municipal Districts will have excess revenues over expenditures following reorganization, even with the phase-out of the earnings tax, payroll expense tax, and reduction in property taxes.

- During the first-year post-reorganization (2023) savings are estimated at up to $55 million based on the conservative assumptions set forth in the accompanying fiscal analysis.

- Because services within the former City of St. Louis will be provided by the Metro City, the St. Louis Municipal Corporation will have the revenue capacity to accelerate the satisfaction of outstanding obligations and debt, including through a refinancing or accelerated debt payments, which would result in additional savings in interest and carrying costs.

- The approximately $351 million in expenditures estimated for Municipal Districts is projected to decrease over time as outstanding obligations are satisfied. As with the St. Louis Municipal Corporation, this is expected to result in additional savings to local governments through the reduction in interest and carrying costs. It will also make additional sales and use tax revenue available to the Metro City to support the provision of general district services.

- The Metro City is estimated to have sales tax revenues in excess of $1 billion by 2025.

- As outstanding obligations are satisfied and continued efficiencies and economies of scale are realized, including through attrition of employees, the consolidation of services, and the implementation of state-of-the-art technology, revenues to the Metro City are expected to exceed expenditures by up to $342 million by 2032.

Savings

Based on modest 1% annual expenditure reduction above inflation, the Metro City will realize an initial reduction in expenditures and surplus of $55 million in 2023. The Metro City will achieve these savings despite additional expenditures necessary to ensure compliance with state law regarding appropriation to a 3% emergency fund and to fund the initial year operating costs of the St. Louis Fire Protection District. The St. Louis Fire Protection District is projected to increase expenditures by $21 million over the status quo. Revenues are available to cover these additional expenditures, while still leaving the Metro City with revenues in excess of expenditures and savings of up to $55 million.

Savings for local governments will reach as much as $250 million annually in 2026, and up to $1 billion annually by 2032. Even with Municipal Districts continuing to spend approximately $350 million annually and fire protection districts continuing to spend $300 million annually, Better Together's policy recommendation would capture much of the estimated overspend in government services compared to peer regions identified in Better Together's prior research—between $750 million and $1 billion annually.[1]

The enclosed analysis demonstrates savings to local governments over the ten-year period post-reorganization (2023 through 2032). The components of this savings to local governments include both reductions in expenditures and surplus revenues over expenditures. During that period, the Metro City would reduce expenditure by up to $3.2 billion, versus the current trend of expenditures over the same time period. In addition, over the same period, the Metro City would generate surplus revenues of $1.7 billion. This would result in a total savings to local governments over the ten-year period of up to $4.9 billion.

Better Together's regional spending comparison report showed that residents of the St. Louis region spend $1,912.84 per capita to deliver services.[2] To provide context, Better Together compared this cost to the budgets of metropolitan peers Louisville (KY) and Indianapolis (IN). Both Louisville and Indianapolis were at one time fragmented but have since consolidated their city and county governments. This research revealed that the per capita cost to fund municipal services in Indianapolis-Marion County was $1,208.11 and $1,094.76 in Louisville-Jefferson County.

By 2032, the Metro City will expend $2,170,858,488 annually on the provision of services in the region, a per capita cost of $1,657.16. This represents a per capita annual savings of $255.68. In 2032, a family of four would save $1,022.72 compared to status quo spending.

Solvency: Revenues Over Expenditures

In the status quo, expenditures are increasing by at least 2% annually due to inflation. The St. Louis Metro City will achieve modest cost savings of 3% annually through the consolidation of services, attrition, and implementation of technology - outpacing inflation to generate a net reduction in local government expenditures of at least 1% annually. This modest annual savings

[1] *See* Report and Recommendations of the City-County Governance Task Force.
[2] *See id.*

leads to increased revenues in excess of expenditures, which can be used to accelerate the servicing and retirement of debt and similar financing obligations.

Status Quo Revenues

As detailed in the enclosed materials, local governments in the City and County collected approximately $2.4 billion in revenues in 2017. Due to the current fragmented government structure, this revenue is divided among the following local governments:

- City of St. Louis: $790 million
- St. Louis County: $700 million
- Municipalities: $730 million
- Fire Protection Districts: $200 million

Better Together's 2017 regional spending comparison showed $2.5 billion in combined spending among the 90 local governments providing municipal services to the St. Louis region, as well as the 23 fire protection districts.[3]

Transition Revenues

Under Better Together's policy recommendation, during each year of the Transition Period (January 1, 2021 through December 31, 2022), revenues from current taxes, licenses, and fees of the City of St. Louis, St. Louis County, and the 88 municipalities would be distributed by the Metro City to the Municipal Districts as required for satisfaction of outstanding obligations and for providing services. Estimated distributions are based on the 2017 Comprehensive Annual Financial Reports (CAFRs) for the Municipalities and the 2017 actual expenditures of the City and County and rely on the following assumptions:

- 2% increase in property tax per standard adjustment/new construction;
- $100 million in additional sales tax revenue to reflect a full year of revenues generated by Prop P in the City and County and an annual 1% growth in sales tax;
- A 20% reduction in Court Fines & Fees due to consolidation of municipal courts;
- The initial one-tenth of one-percent phase-out of the earnings tax and the initial one-twentieth of one-percent phase-out of the payroll expense tax beginning in 2022.

Post-Reorganization Revenues

Post-reorganization (January 1, 2023 and thereafter), revenues from taxes, licenses, and fees of the former City of St. Louis, St. Louis County, and 88 municipalities would be distributed to the Municipal Districts and the St. Louis Municipal Corporation as required for the satisfaction of outstanding obligations and as necessary for services provided by Municipal Districts. In addition, all revenues from property taxes levied solely within the territory of a Municipal District will be distributed to the Municipal District. Municipal districts will also be authorized to levy property taxes or special assessments, levy and collect utility gross receipts taxes, make charges for services, and receive investment income.

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[3] *See* Report and Recommendation of the City-County Governance Task Force.

St. Louis Metro City Revenues - Assumptions

- 2% annual increase in property tax per standard adjustment/new construction;
- 1% annual growth in sales tax revenues;
- One-tenth of one percent annual phase-out of earnings tax and one-twentieth of one-percent annual phase out of payroll expense tax;
- One-time 50% reduction of revenue generated by county property tax levied in the former County (approximately $24 million reduction in property taxes);
- Beginning in 2024, replacing the county purposes property tax levy in former City with the lowered general revenue levy within former County (approximately $10 million reduction in property taxes);
- Continued reduction in Court Fines & Fees, with amounts generated in excess of costs distributed to school districts.

Distributions to Municipal Districts - Assumptions

- 2% annual increase in property tax per standard adjustment/new construction;
- Declining sales tax distributions over time as outstanding obligations are satisfied and only sales tax revenues necessary for providing municipal district services are distributed as general district services are assumed by the Metro City.
    - Sales tax revenues necessary for Municipal Districts to provide municipal district services are estimated at approximately $63 million annually.

Distributions to St. Louis Municipal Corporation – Assumptions

- 2% annual increase in property tax per standard adjustment/new construction;
- Declining sales tax revenues distributed to the Municipal Corporation as obligations are satisfied over time;
- One-tenth of one percent annual phase-out of earnings tax and one-twentieth of one-percent annual phase-out of payroll expense tax.

Metro City Expenditures

To demonstrate expenditures and savings, Better Together developed a pro forma budget for the Metro City. Assumptions represent a conservative allocation of greater than or equal to the anticipated cost. Subsequent year budgets assume annual savings of 3%, offset by inflation at a rate of 2%. The specific areas of the Metro City budget targeted for savings would be determined by elected officials of the Metro City during the annual budget process.

Municipal District Expenditures

Municipal Districts will continue to provide municipal services such as parks and recreation, fire protection (for Municipal Districts operating a fire department), trash removal, maintenance of facilities related to municipal district services, and general administration. Municipal Districts may also continue to provide a general district services until such service is provided by the Metro City within the Municipal District. Expenditures reflect the newly-limited authority of Municipal Districts.

- Over time, it is anticipated that Municipal Districts operating a municipal fire department may discontinue doing so and instead contract with neighboring departments or become part of neighboring fire protection districts.

- Expenditures for general administration are likely to decrease over time given the newly-limited authority of Municipal Districts. For example, as reported in Better Together's General Administration Study, Municipal Governance and Management (January 2016), approximately $6 million was expended in 2015 on salaries for city managers, administrators, and clerks throughout the 88 municipalities.[4]

Expenditure Comparison

Based on a comparison of status quo expenditures and expenditures during the first-year post-reorganization, an estimated savings as much as $55 million would be realized during 2023.

- The expenditure comparison also reflects an $21 million increase in fire protection district expenditures to reflect the creation of the St. Louis Fire Protection District. This estimate is 33% more than the City of St. Louis Fire Department's expenditure, which is necessary to account for the district's operation as an independent political subdivision, requiring administrative services such as human resources, legal, accounting, facilities management, etc. The district's operations will be funded out of a dedicated property tax levy and fee revenues, but until such time as voters approve a property tax levy for the district, the Metro City will distribute revenues collected from within the former City to support the district.

- The expenditure comparison also reflects a distribution of $47.3 million to the Metro City's emergency fund as required by state law.

Municipal Corporation Debt Service

- There will be a greater capacity to accelerate the satisfaction of outstanding obligations, particularly within the former City, due to the provision of general district services on a regional basis. This greater capacity is expected to reduce debt-related expenditures over time.
- The $952 million in total outstanding debt is based on the City's FY19 Annual Operating Plan.

[4] *See* Report and Recommendations of City-County Governance Task Force.

Expenditures	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
Status Quo [1]	$ 2,417,654,646	$ 2,466,007,739	$ 2,515,327,894	$ 2,565,634,452	$ 2,616,947,141	$ 2,669,286,083	$ 2,722,671,805	$ 2,777,125,241	$ 2,832,667,746	$ 2,889,321,101	$ 26,472,643,847
Post-Reorganization (Required) [2]	$ 2,434,558,456	$ 2,418,073,766	$ 2,402,212,305	$ 2,386,914,852	$ 2,372,134,026	$ 2,357,831,940	$ 2,343,978,332	$ 2,207,171,781	$ 2,183,403,135	$ 2,170,858,488	$ 23,277,137,081
Expenditure Reductions	$ (16,903,810)	$ 47,933,973	$ 113,115,589	$ 178,719,600	$ 244,813,115	$ 311,454,143	$ 378,693,473	$ 569,953,460	$ 649,264,611	$ 718,462,613	$ 3,195,506,766
Surplus	$ 72,272,284	$ 85,073,920	$ 97,842,010	$ 110,581,040	$ 146,079,313	$ 135,989,955	$ 148,668,910	$ 284,904,939	$ 308,444,633	$ 342,279,302	$ 1,732,136,306
Savings	**$ 55,368,474**	**$ 133,007,893**	**$ 210,957,599**	**$ 289,300,640**	**$ 390,892,428**	**$ 447,444,098**	**$ 527,362,383**	**$ 854,858,399**	**$ 957,709,244**	**$ 1,060,741,915**	**$ 4,927,643,072**
3% Mandatory Appropriation to Emergency Fund of STL Metro City	$47,278,230	$ 49,272,522	$ 50,968,160	$ 52,424,711	$ 53,689,973	$ 54,802,318	$ 55,792,563	$ 56,494,756	$ 57,176,745	$ 57,841,205	

	Status Quo	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
REVENUES											
Municipal Governance											
Total	$2,226,074,088	$2,321,663,940	$2,316,018,827	$2,310,585,615	$2,305,367,555	$2,323,151,753	$2,295,590,172	$2,291,037,632	$2,286,713,809	$2,282,622,242	$2,299,941,228
Fire Protection Districts											
Total	$204,430,024	$232,445,030	$236,401,381	$240,436,860	$244,553,048	$248,751,559	$253,034,041	$257,402,173	$261,857,667	$266,402,271	$271,037,767
TOTAL REVENUES	$2,430,504,112	$2,554,108,970	$2,552,420,208	$2,551,022,475	$2,549,920,603	$2,571,903,312	$2,548,624,213	$2,548,439,805	$2,548,571,476	$2,549,024,513	$2,570,978,995
EXPENDITURES											
Municipal Governance											
Total	$2,202,409,303	$1,696,134,295	$1,679,172,952	$1,662,381,223	$1,645,757,410	$1,629,299,836	$1,613,006,838	$1,596,876,769	$1,580,908,002	$1,565,098,922	$1,549,447,933
Municipal Districts											
Total	$0	$351,806,088	$348,288,027	$344,805,147	$341,357,095	$337,943,524	$334,564,089	$331,218,448	$327,906,264	$324,627,201	$321,380,929
Municipal Corporation (Required)											
Total	$0	$134,446,000	$134,446,000	$134,446,000	$134,446,000	$134,446,000	$134,446,000	$134,446,000	$10,878,000	$0	$0
Fire Protection Districts											
Total	$215,245,343	$299,450,303	$305,439,309	$311,548,095	$317,779,057	$324,134,638	$330,617,331	$337,229,678	$343,974,271	$350,853,757	$357,870,832
TOTAL EXPENDITURES	$2,417,654,646	$2,481,836,686	$2,467,346,288	$2,453,180,465	$2,439,339,563	$2,425,823,999	$2,412,634,258	$2,399,770,895	$2,263,666,537	$2,240,579,880	$2,228,699,693
REVENUES OVER (UNDER) EXPENDITURES	**$ 12,849,466**	**$ 72,272,284**	**$ 85,073,920**	**$ 97,842,010**	**$ 110,581,040**	**$ 146,079,313**	**$ 135,989,955**	**$ 148,668,910**	**$ 284,904,939**	**$ 308,444,633**	**$ 342,279,302**
EXPENDITURES											
Municipal Governance											
Total	$2,202,409,303	$1,696,134,295	$1,679,172,952	$1,662,381,223	$1,645,757,410	$1,629,299,836	$1,613,006,838	$1,596,876,769	$1,580,908,002	$1,565,098,922	$1,549,447,933
Municipal Districts											
Total	$0	$351,806,088	$348,288,027	$344,805,147	$341,357,095	$337,943,524	$334,564,089	$331,218,448	$327,906,264	$324,627,201	$321,380,929
Municipal Corporation (Accelerated)											
Total	$0	$201,280,545	$194,653,590	$169,767,608	$145,271,389	$143,910,132	$97,116,736	$0	$0	$0	$0
Fire Protection Districts											
Total	$215,245,343	$299,450,303	$305,439,309	$311,548,095	$317,779,057	$324,134,638	$330,617,331	$337,229,678	$343,974,271	$350,853,757	$357,870,832
TOTAL EXPENDITURES	$2,417,654,646	$2,548,671,231	$2,527,553,878	$2,488,502,073	$2,450,164,952	$2,435,288,131	$2,375,304,994	$2,265,324,895	$2,252,788,537	$2,240,579,880	$2,228,699,693
REVENUES OVER (UNDER) EXPENDITURES	**$ 12,849,466**	**$ 5,437,739**	**$ 24,866,330**	**$ 62,520,402**	**$ 99,755,651**	**$ 136,615,181**	**$ 173,319,219**	**$ 283,114,910**	**$ 295,782,939**	**$ 308,444,633**	**$ 342,279,302**

Revenue Source [3]	Total	City of St. Louis	Saint Louis County	Municipalities	Fire Protection Districts
Property Tax	$256,344,992	$70,536,000	$108,866,020	$76,942,972	$179,169,465
Sales Tax	$851,752,586	$189,075,000	$342,616,521	$320,061,065	$0
Utility Gross Receipts	$207,458,395	$71,364,000	$30,225,330	$105,869,065	$0
Court Fines & Fees	$23,889,368	$2,340,000	$1,732,940	$19,816,428	$0
Licenses, Fees, Permits	$146,804,335	$30,559,000	$68,351,895	$47,893,440	$2,698,062
Charges for Services	$143,297,057	$47,860,000	$47,993,146	$47,443,911	$19,788,740
Intergovernmental	$204,208,918	$97,511,000	$36,335,618	$70,362,300	$0
Investment Income	$19,539,793	$71,000	$4,638,030	$14,830,763	$987,362
Earnings	$173,774,000	$173,774,000	$0	$0	$0
Payroll	$37,973,000	$37,973,000	$0	$0	$0
Other	$161,031,644	$65,934,000 [4]	$64,951,381	$30,146,263	$1,786,395
Total	**$2,226,074,088**	**$786,997,000**	**$705,710,881**	**$733,366,207**	**$204,430,024**

Function			Total	City of St. Louis	Saint Louis County	Municipalities	Fire Protection Districts
Economic Development & Infrastructure	Economic Development Partnership		$4,877,020	$0	$4,877,020	$0	$0
	Planning		$8,956,972	$1,272,000	$1,515,206	$6,169,766	$0
	Transportation, Public Works, Streets, and Facilities		$460,716,795	$93,755,000	$120,794,210	$246,167,585	$0
Health & Well Being	Children's Service Fund		$54,365,603	$0	$54,365,603	$0	$0
	Human Services		$54,604,908	$50,214,000	$4,390,908	$0	$0
	Public Administrator		$1,113,799	$358,000	$755,799	$0	$0
	Public Health		$70,878,426	$22,412,000	$48,466,426	$0	$0
Public Safety	Emergency Communications		$15,329,033	$0	$15,329,033	$0	$0
	Judicial Administration (Circuit Courts)		$36,752,701	$10,681,000	$26,071,701	$0	$0
	Justice Services (Jails)		$87,454,855	$63,474,000	$23,980,855	$0	$0
	Municipal Court		$13,077,150	$2,272,000	$1,686,624	$9,118,526	$0
	Police		$472,372,891	$165,586,000	$109,351,873	$197,435,018	$0
	Prosecuting Attorney		$19,048,608	$9,681,000	$9,367,608	$0	$0
	Code Enforcement		$25,546,515	$16,360,000	$9,186,515	$0	$0
	Fire Protection		$118,681,584	$63,312,000	$0	$55,369,584	$215,245,343
	Other		$47,429,000	$47,429,000 [5]	$0	$0	$0
Recreation & Culture	Parks & Recreation		$112,684,888	$16,269,000	$28,411,598	$68,004,290	$0
General Government	Administration		$132,394,410	$18,018,000	$16,947,506	$97,428,904	$0
	Assessor		$15,523,062	$4,285,000	$11,238,062	$0	$0
	Council		$4,544,195	$2,941,000	$1,603,195	$0	$0
	Legal		$14,824,030	$11,745,000	$3,079,030	$0	$0
	Executive		$3,632,589	$2,236,000	$1,396,589	$0	$0
	Board of Elections		$7,702,804	$2,685,000	$5,017,804	$0	$0
	Information Technology		$12,172,317	$5,479,000	$6,693,317	$0	$0
	Miscellaneous Expenditures	Non-Departmental	$24,587,954	$5,901,000	$1,604,117	$17,082,837	$0
		Emergency Fund	$0	$0	$0	$0	$0
		Debt Service & Other Obligations	$175,194,723	$89,772,000 [6]	$7,727,998	$77,694,725	$0
		Mass Transit & Transportation	$186,668,569	$40,519,000	$146,149,569	$0	$0
		Special District Obligations	$10,911,466	$0	$10,911,466	$0	$0
		Convention & Recreation	$10,362,436	$0	$10,362,436	$0	$0
		Total	$2,202,409,303	$746,656,000	$681,282,068	$774,471,235	$215,245,343
					$2,417,654,646		

Transition Government: St. Louis Metro City + Municipal Districts

Revenue Source		2021	2022	Fire Protection Districts
Property Tax [7]		$272,035,356	$277,476,063	$190,136,070
Sales Tax [8]		$967,461,541	$977,136,156	$0
Utility Gross Receipts		$207,458,395	$207,458,395	$0
Court Fines & Fees [9]		$19,111,494	$15,289,195	$0
Licenses, Fees, Permits		$146,804,335	$146,804,335	$2,698,062
Charges for Services		$143,297,057	$143,297,057	$19,788,740
Intergovernmental		$204,208,918	$204,208,918	$0
Investment Income		$19,539,793	$19,539,793	$987,362
Earnings [10]		$173,774,000	$156,396,600	$0
Payroll [11]		$37,973,000	$34,175,700	$0
Other		$161,031,644	$161,031,644	$1,786,395
	Total	**$2,352,695,533**	**$2,342,813,857**	**$215,396,629**

Revenues to the St. Louis Metro City

Revenue Source	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Property Tax [12]	$283,025,584	$288,686,096	$294,459,818	$300,349,014	$306,355,994	$312,483,114	$318,732,776	$325,107,432	$331,609,581	$338,241,772
Sales Tax [13]	$986,907,518	$996,776,593	$1,006,744,359	$1,016,811,803	$1,026,979,921	$1,037,249,720	$1,047,622,217	$1,058,098,439	$1,068,679,424	$1,079,366,218
Utility Gross Receipts	$207,458,395	$207,458,395	$207,458,395	$207,458,395	$207,458,395	$207,458,395	$207,458,395	$207,458,395	$207,458,395	$207,458,395
Court Fines & Fees [14]	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000
Licenses, Fees, Permits	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335
Charges for Services [15]	$133,930,153	$133,930,153	$133,930,153	$133,930,153	$133,930,153	$133,930,153	$133,930,153	$133,930,153	$133,930,153	$133,930,153
Intergovernmental	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918
Investment Income	$19,539,793	$19,539,793	$19,539,793	$19,539,793	$19,539,793	$19,539,793	$19,539,793	$19,539,793	$19,539,793	$19,539,793
Earnings [16]	$139,019,200	$121,641,800	$104,264,400	$86,887,000	$69,509,600	$52,132,200	$34,754,800	$17,377,400	$0	$0
Payroll [17]	$30,378,400	$26,581,100	$22,783,800	$18,986,500	$37,973,000	$11,391,900	$7,594,600	$3,797,300	$0	$0
Other	$161,031,644	$161,031,644	$161,031,644	$161,031,644	$161,031,644	$161,031,644	$161,031,644	$161,031,644	$161,031,644	$161,031,644
Total	$2,321,663,940	$2,316,018,827	$2,310,585,615	$2,305,367,555	$2,323,151,753	$2,295,590,172	$2,291,037,632	$2,286,713,809	$2,282,622,242	$2,299,941,228

Revenues of the St. Louis Metro City for General and Municipal Services and St. Louis Metro City Obligations

Revenue Source	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Property Tax	$190,461,689	$194,270,923	$198,156,341	$202,119,468	$206,161,857	$210,285,095	$214,490,796	$218,780,612	$223,156,225	$227,619,349
Sales Tax	$701,436,071	$764,103,236	$816,739,093	$861,327,668	$899,460,683	$932,415,593	$961,218,052	$980,334,691	$998,692,050	$1,016,377,582
Utility Gross Receipts	$101,589,330	$101,589,330	$101,589,330	$101,589,330	$101,589,330	$101,589,330	$101,589,330	$101,589,330	$101,589,330	$101,589,330
Court Fines & Fees	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000	$9,360,000
Licenses, Fees, Permits	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335	$146,804,335
Charges for Services	$86,486,242	$86,486,242	$86,486,242	$86,486,242	$86,486,242	$86,486,242	$86,486,242	$86,486,242	$86,486,242	$86,486,242
Intergovernmental	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918	$204,208,918
Investment Income	$4,709,030	$4,709,030	$4,709,030	$4,709,030	$4,709,030	$4,709,030	$4,709,030	$4,709,030	$4,709,030	$4,709,030
Other	$130,885,381	$130,885,381	$130,885,381	$130,885,381	$130,885,381	$130,885,381	$130,885,381	$130,885,381	$130,885,381	$130,885,381
Total	$1,575,940,996	$1,642,417,394	$1,698,938,670	$1,747,490,372	$1,789,665,776	$1,826,743,924	$1,859,752,085	$1,883,158,539	$1,905,891,511	$1,928,040,167

Distributions to Municipal Districts for Municipal Services and Municipal District Obligations

Revenue Source	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Property Tax	$84,951,258	$86,650,283	$88,383,289	$90,150,955	$91,953,974	$93,793,053	$95,668,914	$97,582,293	$99,533,938	$101,524,617
Sales Tax [18]	$242,509,447	$194,007,558	$155,206,046	$124,164,837	$99,331,869	$79,465,496	$63,572,396	$57,215,157	$51,493,641	$46,344,277
Utility Gross Receipts	$105,869,065	$105,869,065	$105,869,065	$105,869,065	$105,869,065	$105,869,065	$105,869,065	$105,869,065	$105,869,065	$105,869,065
Charges for Services [19]	$47,443,911	$47,443,911	$47,443,911	$47,443,911	$47,443,911	$47,443,911	$47,443,911	$47,443,911	$47,443,911	$47,443,911
Investment Income	$14,830,763	$14,830,763	$14,830,763	$14,830,763	$14,830,763	$14,830,763	$14,830,763	$14,830,763	$14,830,763	$14,830,763
Other	$30,146,263	$30,146,263	$30,146,263	$30,146,263	$30,146,263	$30,146,263	$30,146,263	$30,146,263	$30,146,263	$30,146,263
Total	$525,752,730	$478,949,867	$441,881,362	$412,607,819	$389,577,872	$371,550,579	$357,533,342	$353,089,481	$349,319,613	$346,160,928

Distributions to Municipal Corporation for Municipal Corporation Obligations

Revenue Source	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Property Tax	$7,612,637	$7,764,890	$7,920,188	$8,078,591	$8,240,163	$8,404,966	$8,573,066	$8,744,527	$8,919,418	$9,097,806
Sales Tax [20]	$42,962,000	$38,665,800	$34,799,220	$31,319,298	$28,187,368	$25,368,631	$22,831,768	$20,548,591	$18,493,732	$16,644,359
Earnings	$139,019,200	$121,641,800	$104,264,400	$86,887,000	$69,509,600	$52,132,200	$34,754,800	$17,377,400	$0	$0
Payroll	$30,378,400	$26,581,100	$22,783,800	$18,986,500	$37,973,000	$11,391,900	$7,594,600	$3,797,300	$0	$0
Total	$219,972,237	$194,653,590	$169,767,608	$145,271,389	$143,910,132	$97,297,698	$73,754,234	$50,467,818	$27,413,150	$25,742,165

Fire Protection Districts

Revenue Source	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Property Tax	$197,817,567	$201,773,918	$205,809,397	$209,925,585	$214,124,096	$218,406,578	$222,774,710	$227,230,204	$231,774,808	$236,410,304
Licenses, Fees, Permits	$2,698,062	$2,698,062	$2,698,062	$2,698,062	$2,698,062	$2,698,062	$2,698,062	$2,698,062	$2,698,062	$2,698,062
Charges for Services [21]	$29,155,644	$29,155,644	$29,155,644	$29,155,644	$29,155,644	$29,155,644	$29,155,644	$29,155,644	$29,155,644	$29,155,644
Investment Income	$987,362	$987,362	$987,362	$987,362	$987,362	$987,362	$987,362	$987,362	$987,362	$987,362
Other	$1,786,395	$1,786,395	$1,786,395	$1,786,395	$1,786,395	$1,786,395	$1,786,395	$1,786,395	$1,786,395	$1,786,395
	$232,445,030	$236,401,381	$240,436,860	$244,553,048	$248,751,559	$253,034,041	$257,402,173	$261,857,667	$266,402,271	$271,037,767

	Function		St. Louis Metro City
	Economic Development Partnership		$4,877,020
Economic Development & Infrastructure	Planning		$8,956,972
	Transportation, Public Works, Streets, and Facilities		$424,491,047
	Children's Service Fund		$54,365,603
Health & Well Being	Human Services		$54,604,908
	Public Administrator		$1,113,799
	Public Health		$70,878,426
	Emergency Communications		$15,329,033
	Judicial Administration (Circuit Courts)		$36,752,701
	Justice Services (Jails)		$87,454,855
	Municipal Court		$9,088,000 [22]
Public Safety	Police		$472,372,891
	Prosecuting Attorney		$19,048,608
	Code Enforcement		$25,546,515
	Fire Protection		$0
	Other		$2,755,000
Recreation & Culture	Parks & Recreation		$44,680,598
	Administration		$34,965,506
	Assessor		$15,523,062
	Council		$4,544,195
	Legal		$14,824,030
	Executive		$3,632,589
	Board of Elections		$7,702,804
General Government	Information Technology		$12,172,317
	Miscellaneous	Non-Departmental	$7,505,117
		Emergency Fund	$47,278,230
		Debt Service & Other Obligations	$7,727,998
		Mass Transit & Transportation	$186,668,569
		Special District Obligations	$10,911,466
		Convention & Recreation	$10,362,436
		Total	**$1,696,134,295**

	Function	Municipal Districts
Infrastructure	Capital Outlay & Facilities	$36,225,748
Public Safety	Municipal District: Fire Departments	$55,369,584
Recreation & Culture	Parks & Recreation	$68,004,290
	Administration	$97,428,904
General Administration	Non-Departmental	$17,082,837
	Debt Service & Other Obligations	$77,694,725
	Total	**$351,806,088**

			Status Quo				First-Year Post-Reorganization			
	Function		City of St. Louis	Saint Louis County	Municipalities	Fire Protection Districts	St. Louis Metro City	Municipal Corporation	Municipal Districts	Fire Protection Districts
	Economic Development Partnership		$0	$4,877,020	$0	$0	$4,877,020	$0	$0	$0
Economic Development & Infrastructure	Planning		$1,272,000	$1,515,206	$6,169,766	$0	$8,956,972	$0	$0	$0
	Transportation, Public Works, Streets, and Facilities		$93,755,000	$120,794,210	$246,167,585	$0	$424,491,047	$0	$36,225,748	$0
	Children's Service Fund		$0	$54,365,603	$0	$0	$54,365,603	$0	$0	$0
Health & Well Being	Human Services		$50,214,000	$4,390,908	$0	$0	$54,604,908	$0	$0	$0
	Public Administrator		$358,000	$755,799	$0	$0	$1,113,799	$0	$0	$0
	Public Health		$22,412,000	$48,466,426	$0	$0	$70,878,426	$0	$0	$0
	Emergency Communications		$0	$15,329,033	$0	$0	$15,329,033	$0	$0	$0
	Judicial Administration (Circuit Courts)		$10,681,000	$26,071,701	$0	$0	$36,752,701	$0	$0	$0
	Justice Services (Jails)		$63,474,000	$23,980,855	$0	$0	$87,454,855	$0	$0	$0
	Municipal Court		$2,272,000	$1,686,624	$9,118,526	$0	$9,088,000	$0	$0	$0
Public Safety	Police		$165,586,000	$109,351,873	$197,435,018	$0	$472,372,891	$0	$0	$0
	Prosecuting Attorney		$9,681,000	$9,367,608	$0	$0	$19,048,608	$0	$0	$0
	Code Enforcement		$16,360,000	$9,186,515	$0	$0	$25,546,515	$0	$0	$0
	Fire Protection		$63,312,000	$0	$55,369,584	$215,245,343	$0	$0	$55,369,584	$299,450,303 [2
	Other		$47,429,000	$0	$0	$0	$2,755,000	$0	$0	$0
Recreation & Culture	Parks & Recreation		$16,269,000	$28,411,598	$68,004,290	$0	$44,680,598	$0	$68,004,290	$0
	Administration		$18,018,000	$16,947,506	$97,428,904	$0	$34,965,506	$0	$97,428,904	$0
	Assessor		$4,285,000	$11,238,062	$0	$0	$15,523,062	$0	$0	$0
	Council		$2,941,000	$1,603,195	$0	$0	$4,544,195	$0	$0	$0
	Legal		$11,745,000	$3,079,030	$0	$0	$14,824,030	$0	$0	$0
	Executive		$2,236,000	$1,396,589	$0	$0	$3,632,589	$0	$0	$0
	Board of Elections		$2,685,000	$5,017,804	$0	$0	$7,702,804	$0	$0	$0
General Government	Information Technology		$5,479,000	$6,693,317	$0	$0	$12,172,317	$0	$0	$0
	Miscellaneous	Non-Departmental	$5,901,000	$1,604,117	$17,082,837	$0	$7,505,117	$0	$17,082,837	$0
		Emergency Fund	$0	$0	$0	$0	$47,278,230	$0	$0	$0
		Debt Service & Other Obligations	$89,772,000	$7,727,998	$77,694,725	$0	$7,727,998	$134,446,000 [24]	$77,694,725	$0
		Mass Transit & Transportation	$40,519,000	$146,149,569	$0	$0	$186,668,569	$0	$0	$0
		Special District Obligations	$0	$10,911,466	$0	$0	$10,911,466	$0	$0	$0
		Convention & Recreation	$0	$10,362,436	$0	$0	$10,362,436	$0	$0	$0
		Total	$746,656,000	$681,282,068	$774,471,235	$215,245,343	$1,696,134,295	$134,446,000	$351,806,088	$299,450,303
				2,417,654,646				**$2,481,836,686**		

Municipal Corporation Debt Service & Other Obligations

Payment Schedule	2023	2024	2025	2026	2027	2028	2029	2030
Total Outstanding Debt [25]	$ (952,000,000)	$ (817,554,000)	$ (683,108,000)	$ (548,662,000)	$ (414,216,000)	$ (279,770,000)	$ (145,324,000)	$ (10,878,000)
Required Debt Payment	$ 134,446,000	$ 134,446,000	$ 134,446,000	$ 134,446,000	$ 134,446,000	$ 134,446,000	$ 134,446,000	$ 10,878,000
	$ (817,554,000)	**$ (683,108,000)**	**$ (548,662,000)**	**$ (414,216,000)**	**$ (279,770,000)**	**$ (145,324,000)**	**$ (10,878,000)**	**$ -**
Total Outstanding Debt	$ (952,000,000)	$ (750,719,455)	$ (556,065,865)	$ (386,298,257)	$ (241,026,868)	$ (97,116,736)	$ -	$ -
Required Debt Payment	$ 134,446,000	$ 134,446,000	$ 134,446,000	$ 134,446,000	$ 134,446,000	$97,116,736	$ -	$ -
Accelerated Debt Payment [2	$ 66,834,545	$ 60,207,590	$ 35,321,608	$ 10,825,389	$ 9,464,132	$ -	$ -	$ -
	$ (750,719,455)	**$ (556,065,865)**	**$ (386,298,257)**	**$ (241,026,868)**	**$ (97,116,736)**	**$ -**	**$ -**	**$ -**

[1] Reflects 2% Annual Inflation

[2] Assumes Metro City will achieve annual savings of 3%, outpacing 2% inflation and resulting in a 1% decrease in annual spending.

[3] City: FY18 Cash Basis Governmental Funds
County: FY17 Cash Basis Governmental Funds
Municipalities: 16-17 CAFRs

[4] Includes "Other" & "Miscellaenous"

[5] Includes:
Other: $2,755
PS Pensions: $44,674

[6] Includes:
Debt Service: $67,354
Capital Other: $22,418

[7] 2% increase in property tax per standard adjustment/new construction

[8] $89.9 additional sales tax revenue to reflect a full year of revenues generated by Prop P in the City and County and an annual 1% growth in sales tax

[9] 20% reduction in Court Fines & Fees due to consolidation of municipal courts

[10] One-tenth of one-percent phase-out of the earnings tax beginning in 2022

[11] One-twentieth of one-percent phase-out of the payroll expense tax beginning in 2022.

[12] 2% increase in property tax per standard adjustment/new construction

[13] Annual 1% growth

[14] City Municipal Court Revenues multiplied by 4.

$2,340,000 x 4 = $9,360,000

[15] Deducts $9,366,904 to reflect EMS fees of City of St. Louis Fire Department being received by newly created St. Louis FPD

[16] One-tenth of one-percent phase-out of the earnings tax beginning in 2022

[17] One-twentieth of one-percent phase-out of the payroll expense tax beginning in 2022.

[18] See Supplemental Sales Tax Revenue. Dedicated sales taxes for Parks/Stormwater, Fire, Debt Service, Capital Improvements continue to be received by Municipal Districts until obligations they secure are retired or municipal district services to which they relate are no longer provided by the Municipal District.

[19] Municipal Districts will have the authority to assess a charge for service for the provision of services of parks and recreation, community programs, fire services, and other municipal services provided by the Municipal District.

[20] See Supplemental Sales Tax Revenue. Dedicated sales taxes for Parks/Stormwater, Fire, Debt Service, Capital Improvements continue to be received by Municipal Districts until obligations they secure are retired or municipal district services to which they relate are no longer provided by the Municipal District.

City of St. Louis: $42,962,000 based on FY18 Cash Basis

[21] $9,366,904 increase to reflect EMS fees of City of St. Louis Fire Department being received by newly created St. Louis FPD

[22] Municipal Court consolidation occurs in 2022. Cost projection based on City expenditure x 4.

$2,272,000 x 4 = $9,088,000

[23] Reflects Status Quo $215M expenditure with added $84,204,960M expenditure of new STL FPD

STL FPD expenditure derived from STL Fire Department $63M expenditure + 33%

[24] Includes:
City Debt Service: $67,354
City Capital Other: $22,418
City PS Pensions: $44,674

[25] City of St. Louis Annual Operating Plan FY19, p.A-5

Total Outstanding Debt: $1.7Billion
44% Revenue Bonds

56% of $1.7B = $952M

[26] Distributions to Municipal Corporation for Municipal Corporation Obligations less the required debt payment.

BLITZ
BARDGETT & DEUTSCH, LC

Attorneys & Counselors at Law

Christopher R. Pieper
120 South Central Avenue, Suite 1500
St. Louis, Missouri 63105
www.bbdlc.com

E-mail: cpieper@bbdlc.com
Telephone: (314) 863-1500
Facsimile: (314) 863-1877

February 27, 2019

VIA EMAIL

State Auditor Nicole Galloway
State Capitol, Room 121
Jefferson City, MO 65101

RE: Initiative Petition 2020-042
Supplemental Submission by Proponent Unite STL

Dear Auditor Galloway:

We are providing this supplemental information regarding the positive fiscal impact of Initiative Petition 2020-042 (hereinafter "the proposed measure") to the Police Retirement System of St. Louis (hereinafter "PRS"), its members and beneficiaries.

As described in greater detail in our initial submission, the proposed measure ensures that all outstanding obligations as of the effective date of the amendment remain with the taxpayers incurring the obligation, but also requires that the Metro City distribute to the Municipal Districts or the St. Louis Municipal Corporation all revenues necessary to satisfy any such obligations. While this submission specifically addresses outstanding obligations of the City of St. Louis with respect to PRS, this structure applies equally to all outstanding obligations incurred prior to the effective date of the proposed measure.

As indicated in the fiscal analysis provided with initial submission, more revenue will be available to satisfying outstanding obligations of PRS than would otherwise be available today. Today, the City's annual payment to PRS required by Section 86.350, RSMo is made solely from City revenues. However, City revenues are currently devoted to providing various services which, under the proposal, would instead be provided by the Metro City. This means that services currently funded solely by City taxpayers would instead be funded by revenues generated throughout the Metro City, allowing a greater proportion of the revenue generated within the City

to be directed toward outstanding obligations of the City, including the required annual PRS payment.

The proposal would also benefit PRS by making the proportion of the required PRS payment attributable to benefits for employees transferred to the Metro City the obligation of the Metro City. This ongoing obligation would be funded not from revenues generated solely within the former City, as would be the case today, but would instead be funded by revenues generated throughout the Metro City, providing a new and significantly larger revenue source than what is available to PRS today from City revenues alone.

The proposed measure provides the following structure to ensure that the required PRS payment is made by the St. Louis Municipal Corporation with respect to benefits accrued prior to the effective date and by the Metro City with respect to benefits earned by PRS members through their employment with the Metro City.

- The proposed measure continues all outstanding obligations of the City, including "any obligation related to employee benefits, including without limitation, pension, retirement, disability, death, medical, life insurance, and similar benefits for employees, eligible dependents, and beneficiaries," first with the St. Louis Municipal District, *see* Section 30.3(1)(b), and then with the St. Louis Municipal Corporation, *see* Section 30.4(1)(b). Included within the foregoing is the City's obligation under Section 86.350, RSMo to make the annual payment to PRS.

- Under the proposed measure, the St. Louis Municipal Corporation "shall continue to be held responsible for any such outstanding obligation to the same extent as the municipal district within the territory" of the former City, *see* Section 30.4(1)(b), just as its predecessor the St. Louis Municipal District "shall continue to be held responsible for any such outstanding obligation to the same extent as the municipality immediately prior to the effective date of this section." Section 30.3(1)(b). These provisions ensure the St. Louis Municipal Corporation remains obligated to make the City's required payment under Section 86.350, RSMo with respect to benefits accrued prior to the effective date.

- Under the proposed measure, the Metro City is required to distribute funds to the St. Louis Municipal Corporation in the manner and for the purpose provided for a Municipal District; one such purpose is for the satisfaction of any outstanding obligations incurred by the City prior to the effective date. *See* Section 30.4(b); 30.5(2)(a)-(b)(i). The Metro City is required to make this distribution from funds generated within the territory of the St. Louis Municipal Corporation, regardless of the source from which such funds are derived. *See* Section 30.4(b); 30.5(2)(a)-(b)(i). These provisions ensure that while outstanding obligations related to PRS remain the responsibility of the St. Louis Municipal District and, after the transition period, the St. Louis Municipal Corporation, the Metro City is obligated to distribute the revenues generated in the former City required to satisfy any such obligation, including for the St. Louis Municipal Corporation's portion of the PRS payment.

- The proposed measure protects all pension benefits vested as of the effective date and requires all such benefits to be paid:

> Nothing herein shall deprive any person of any vested, non-forfeitable, and contractual right or privilege to retire or to retirement or pension benefits, including, without limitation, disability and death benefits, if any, earned prior to the effective date of this section. All vested, non-forfeitable, and contractual rights, protections, and privileges of employees, eligible dependents, and beneficiaries in any retirement fund or pension system related to the county of St. Louis or a municipality[1] as of the effective date of this section shall continue unimpaired until all benefits due such employees, eligible dependents, and beneficiaries have been paid.

See Section 30.11(4)(a). This protection is enforced through the mandatory duty of the Metro City to distribute all revenues generated within the St. Louis Municipal Corporation required to satisfy any outstanding obligation, which includes obligations related to pension benefits. *See* Sections 30.3(1)(b), 30.4(1)(b); 30.5(2)(a)-(b)(i).

- In addition to protecting pension rights vested prior to the effective date, the proposal also protects the rights of current employee members—vested and non-vested—by providing that upon transfer to the Metro City, all employee members remain in PRS and continue to earn service credit in PRS during their employment with the Metro City:

> Employee members of a retirement fund or pension system who are transferred to the metropolitan city . . . pursuant to this section shall remain members of and continue to earn service credit toward the benefits of such retirement fund or pension system, including, without limitation, disability and death benefits, during their employment with the metropolitan city.

Section 30.11(4)(b). This provision ensures that PRS employee members who are vested remain vested after their transfer, and PRS employee members who are not yet vested keep their service credit and continue earning service credit through their employment with the Metro City. Protections for current employee members are further reinforced by the provision automatically transferring employees to the Metro City upon the Metro City's assumption of a general district service (e.g. policing) within the territory of the former employer, by requiring that the employees transfer "with seniority, rank, compensation, and accrued benefits intact. . ." Section 30.11(2)(a).

- One of the most significant benefits of the proposed measure to PRS is the requirement for the Metro City contribute to PRS that portion of the statutorily-mandated annual payment attributable to benefits earned by transferred employees through their employment with the Metro City.

> The metropolitan city . . . shall contribute proportionately to any such retirement fund or pension system for each such employee member with respect to their employment with the metropolitan city . . . as required by law or ordinance, but any

[1] The City of St. Louis is defined as a "municipality" under the proposal. *See* Section 30.1(1)(h).

> contribution or portion thereof attributed to benefits accrued prior to the transfer of such employee to the metropolitan city . . . shall remain an outstanding obligation satisfied solely from funds generated within the territory in which such obligation was incurred.

See Section 30.11(4)(b). By requiring the Metro City to assume this portion of the annual PRS payment, a new revenue source would become available by as early as 2021 to support PRS on a going forward basis—revenues generated throughout the Metro City. This new revenue source will be available long after the earnings tax and payroll expense tax has finally phased-out in 2032. In addition to revenues generated throughout the Metro City to fund the portion of the PRS payment attributed to employment with the Metro City, revenues generated within the former City would continue to be distributed to the St. Louis Municipal Corporation for the portion of the PRS payment attributable to benefits accrued prior to the effective date.

- Under the proposed measure, the St. Louis Municipal Corporation will also continue as a taxing subdistrict of the Metro City in which the Metro City may levy or impose a tax license, fee, or special assessment to ensure the satisfaction of any outstanding obligation (including pension obligations) incurred by the City prior to the effective date. *See* Sections 30.4(3)(a)-(b); 30.5(3)(ii). Such tax, license, fee, or special assessment would be in addition to taxes, licenses, and fees levied solely within the territory of the former City today, and would provide an additional resource to support the portion of the PRS payment attributed to benefits accrued prior to the effective date.

- Finally, the proposed measure reserves the Missouri General Assembly's authority with respect to pension and retirement systems created by state law such as PRS. *See* Section 30.11(4)(d). In addition, the proposed measure makes clear that the General Assembly may regulate the Metro City to the same extent as any other charter city or charter county. *See* Section 30.11(8). Accordingly, the General Assembly would continue with the authority it has to today to legislate with regard to the obligation of the Metro City to distribute to the St. Louis Municipal Corporation the revenues required for its portion of the PRS payment and the obligation of the Metro City with respect to the PRS payment for benefits earned by employees transferred to the Metro City but who remain members of PRS during such employment.

We hope that you find this additional information helpful in understanding the benefits of the proposal to PRS, its members, and its beneficiaries. Please do not hesitate to contact me if you have any questions or if there is any additional information we can provide.

Sincerely,

Chris Pieper

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Metropolitan Community College, University of Missouri, St. Louis Community College, The Metropolitan Police Department - City of St. Louis, Board of Election Commissioners, Missouri Municipal League,** the **City of Affton,** the **City of Brentwood,** the **City of Bridgeton,** the **City of Clayton,** the **City of Creve Coeur,** the **City of Jennings,** the **City of St. Ann,** the **City of Town and Country,** and the **City of Wildwood.**

Fiscal Note Summary

Individual St. Louis County municipalities expect decreased revenues to exceed savings with a total unknown impact. The overall savings for the new metropolitan city is unknown but estimated to be as much as $1 billion annually by 2032. State revenue is estimated to increase between $2.5 million to $7 million annually by 2032.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 1, 2019

RECEIVED
FEB 01 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article III (2020-041)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on February 1, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 FEB -1 AM 8:55

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20___

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article III of the Constitution is revised by repealing Sections 10 and 14 and amending Sections 3, 5, 6, 7, 9, 11 and 20(d), to read as follows:

III Section 3. [State demographer established and selected — e] Election of representatives [— legislative districts established — congressional district commission]. — [(a) There is hereby established the post of "Nonpartisan State Demographer". The nonpartisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing legislative redistricting maps on the basis of each federal census for presentation to the house apportionment commission and the senatorial apportionment commission.]

[(b) The nonpartisan state demographer shall be selected through the following process. First, state residents may apply for selection to the state auditor using an application developed by the state auditor to determine an applicant's qualifications and expertise relevant to the position. Second, the state auditor shall deliver to the majority leader and minority leader of the senate a list of at least three applicants with sufficient expertise and qualifications, as determined by the state auditor, to perform the duties of the nonpartisan state demographer. Third, if the majority leader and minority leader of the senate together agree that a specific applicant should be selected to be the nonpartisan state demographer, that applicant shall be selected and the selection process shall cease. Fourth, if the majority leader and minority leader of the senate cannot together agree on an applicant, they may each remove a number of applicants on the state auditor's list equal to one-third of the total number of applicants on that list, rounded down to the next integer, and the state auditor shall then conduct a random lottery of the applicants remaining after removal to select the nonpartisan state demographer. The state auditor shall prescribe a time frame and deadlines for this application and selection process that both encourages numerous qualified applicants and avoids delay in selection. The nonpartisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the nonpartisan state demographer position, an individual shall not have served in a partisan, elected position for four years prior to the appointment. The nonpartisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent legislative redistricting map to the house apportionment commission or the senatorial apportionment commission.]

[(c)] The house of representatives shall consist of [one hundred sixty-three] ten members from each congressional district elected at each general election [and apportioned as provided in this section] for a term of two years.

[(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the nonpartisan state demographer shall begin the preparation of legislative districting plans and maps using the following methods, listed in order of priority:

a. Districts shall be established on the basis of total population. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census;

b. Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be designed in a manner that achieves both partisan fairness and, secondarily, competitiveness. **"Partisan fairness"** means that parties shall be able to translate their popular support into legislative representation with approximately equal efficiency. **"Competitiveness"** means that parties' legislative representation shall be substantially and similarly responsive to shifts in the electorate's preferences.

To this end, the nonpartisan state demographer shall calculate the average electoral performance of the two parties receiving the most votes in the three preceding elections for governor, for United States Senate, and for President of the United States. This index shall be defined as the total votes received by each party in the three preceding elections for governor, for United States Senate, and for President of the United States, divided by the total votes cast for both parties in these elections. Using this index, the nonpartisan state demographer shall calculate the total number of wasted votes for each party, summing across all of the districts in the plan. **"Wasted votes"** are votes cast for a losing candidate or for a winning candidate in excess of the fifty percent threshold needed for victory. In any plan of apportionment and map of the proposed districts submitted to the respective apportionment commission, the nonpartisan state demographer shall ensure the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

To promote competitiveness, the nonpartisan state demographer shall use the electoral performance index to simulate elections in which the hypothetical statewide vote shifts by one percent, two percent, three percent, four percent, and five percent in favor of each party. The vote in each individual district shall be assumed to shift by the same amount as the statewide vote. The nonpartisan state demographer shall ensure that, in each of these simulated elections, the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable;

c. Subject to the requirements of paragraphs a. and b. of this subdivision, districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous;

d. To the extent consistent with paragraphs a. to c. of this subdivision, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county;

e. Preference shall be that districts are compact in form, but the standards established by paragraphs a. to d. of this subdivision take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.]

[(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.]

[(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the nonpartisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the nonpartisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.]

III Section 5. Senators — number [— senatorial districts]. — The senate shall consist of thirty-four members elected by the qualified voters of the [senatorial districts] state of Missouri for a term of four years. [Senatorial districts shall be apportioned as provided for in Article III, Section 7.]

III Section 6. Qualifications of senators. — Each senator shall be thirty years of age, and next before the day of his election shall have been a qualified voter and a resident of the state for [three] two years [and a resident of the district which he is chosen to represent for one year, if such district shall have been so long established, and if not, then of the district or districts from which the same shall have been taken].

III Section 7. [Senatorial districts established — senatorial apportionment commission] Qualifying for the ballot – apportionment of representatives and senators – filling vacancies. — [(a) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the nonpartisan state demographer authorized in Article III, Section 3 shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the house of representatives.

(b) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, or within sixty days after a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(c) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the nonpartisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by this subsection, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the nonpartisan state demographer provided that such changes are consistent with this section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the house of representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.]

(a) An ordered list of candidates, ranked by number of votes received, from most to least, from each political party that is to appear on the ballot for both the senate and the house of representatives in each general election will be determined by means of a primary election, with each party electing a number of candidates up to, but not exceeding, the number of representatives to be elected from a congressional district, and senators to be elected state-wide. All qualified candidates who file for each party's nomination will appear on the primary ballot for that party. Registered voters will be allowed to vote in one, and only one, party's primary election, and will cast a single vote for a single candidate to be nominated from that party for each office to be elected in the general election to follow.

(b) A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the house in each congressional district by presenting petitions signed by one-half of one per cent of the legal voters in that congressional district. An independent candidate may qualify for a place on the ballot in a congressional district by presenting petitions signed by one-fifth of one percent of the legal voters in that congressional district. A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the senate by presenting petitions signed by one-half of one per cent of the legal voters in the state of Missouri. An independent candidate may qualify for a place on the ballot for the senate by presenting petitions signed by one-fifth of one percent of the legal voters in the state of Missouri. The number of "legal voters" is equal to, and determined by, the total vote for governor in the general election last preceding. Said petitions are to be delivered to the secretary of state no later than ninety days preceding the primary election.

(c) The signatures on petitions submitted by independent candidates and political parties shall be subject to verification according to the procedures in the code of state regulations for independent candidate petitions in force at the time the petitions are submitted.

(d) In each general election, each voter will cast a single vote for the election of representatives and a single vote for the election of senators, in each case voting for the ordered list of a political party, or for a single independent candidate appearing on the ballot, or for a single write-in vote for a candidate not appearing on the ballot, having properly registered with the secretary of state as a write-in candidate.

(e) To determine how many candidates in the house of representatives and the senate will be elected from each political party and which independent or write-in candidates will be elected (if any), the total number of valid votes cast for all parties and independent candidates will be divided by the number of seats to be elected to the house of representatives or to the senate. The resulting number will then be rounded to the nearest whole number. The total number of votes cast for each party or independent or write-in candidate will then be divided by that number and that number of candidates from each party is elected, with any remaining votes for each party above the number needed to elect that many candidates calculated as "surplus votes" for that party. Any independent candidate or valid write-in candidate receiving at least the number of votes needed for a seat is elected. The votes for any party or independent candidate falling short of the number needed to be elected are also treated as surplus votes.

(f) The number of candidates thus elected is calculated and subtracted from the total number of candidates to be elected. If additional candidates remain to be elected, the highest ordered remaining candidate from a party list, or independent candidate with the highest number of surplus votes, is elected. The number of surplus votes required to be elected is then deducted from that party's total votes and the process repeated until the requisite number of candidates has been elected.

(g) In both primary and general elections, officials shall determine a random selection algorithm, prior to tabulation, to resolve ties between candidates. If a tie occurs at any point in the tabulation procedure and tabulation cannot proceed until the tie is resolved, then the random selection algorithm shall resolve the tie.

(h) If a senator or representative resigns, dies, or is removed from office for any reason during the subsequent legislative sessions, the seat shall be filled by the next candidate from her or his party's ordered list, or in the case of an independent candidate, the candidate who would have been elected had there been one more member elected using the prescribed method for tabulating votes.

III Section 9. Apportionment of representatives. — Until the convening of the Seventy-fourth General Assembly the House of Representatives shall consist of one hundred sixty-three members elected from the one hundred sixty-three representative districts, as they existed January 1, 1965. Beginning with the election of representatives in the primary and general elections to be held in the year two thousand and twenty-two the House of Representatives shall consist of ten members elected from each congressional district. In the event that members of Congress from Missouri are elected at large, congressional district boundaries will still be drawn and used in the election of members of the Missouri House of Representatives.

[III Section 10. Basis of apportionment — alteration of districts. — The last decennial census of the United States shall be used in apportioning representatives and determining the population of senatorial and representative districts. Such districts may be altered from time to time as public convenience may require.]

III Section 11. Time of election of senators and representatives. — The first election of senators and representatives under this constitution, shall be held at the general election in the year one thousand nine hundred and forty-six when the whole number of representatives and the senators from the districts having even numbers, who shall compose the first class, shall be elected, and two years thereafter the whole number of representatives and the senators from districts having odd numbers, who shall compose the second class, shall be elected, and so on at each succeeding general election. Beginning with the primary and general elections to be held in the year two thousand and twenty-two senators will continue to be divided into two classes, with senators from each class, as the term of that class expires, to be elected at large on a state-wide basis.

[III Section 14. Writs of election to fill vacancies. — Writs of election to fill vacancies in either house of the general assembly shall be issued by the governor.]

III Section 20(d). Severability provision. — If any provision of sections 2, 3, 5, 6, 7, 9, 11, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 31, 2019

RECEIVED
JAN 31 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article III (2020-040)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on January 31, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 JAN 31 AM 9:

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
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15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article III of the Constitution is revised by repealing Sections 10 and 14 and amending Sections 3, 4, 5, 6, 7, 9, 11, and 20(d) to read as follows:

III Section 3. State demographer established and selected — [election of representatives —] [legislative] congressional districts established [— congressional district commission]. — (a) There is hereby established the post of "Nonpartisan State Demographer". After each decennial census, or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction of the United States, it shall be the duty of the non-partisan state demographer to assist the governor in his or her duty to lay off the state into as many districts as shall be equal to the number of representatives to which this state shall then be entitled. The nonpartisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing [legislative] congressional redistricting maps on the basis of each federal census for presentation to the [house apportionment commission and the senatorial apportionment commission] governor for his or her approval. In the event the governor and the non-partisan state demographer do not concur with regard to how the districts should be laid off, the plans of both the governor and the non-partisan state demographer shall be subject to a referendum, with the voters of the state choosing between the plans.

(b) The nonpartisan state demographer shall be selected through the following process. First, state residents may apply for selection to the state auditor using an application developed by the state auditor to determine an applicant's qualifications and expertise relevant to the position. Second, the state auditor shall deliver to the majority leader and minority leader of the senate a list of at least three applicants with sufficient expertise and qualifications, as determined by the state auditor, to perform the duties of the nonpartisan state demographer. Third, if the majority leader and minority leader of the senate together agree that a specific applicant should be selected to be the nonpartisan state demographer, that applicant shall be selected and the selection process shall cease. Fourth, if the majority leader and minority leader of the senate cannot together agree on an applicant, they may each remove a number of applicants on the state auditor's list equal to one-third of the total number of applicants on that list, rounded down to the next integer, and the state auditor shall then conduct a random lottery of the applicants remaining after removal to select the nonpartisan state demographer. The state auditor shall prescribe a time frame and deadlines for this application and selection process that both encourages numerous qualified applicants and avoids delay in selection. The nonpartisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the nonpartisan state demographer position, an individual shall not have served in a partisan, elected position for four years prior to the appointment. The nonpartisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent [legislative] congressional redistricting map to the [house apportionment commission or the senatorial apportionment commission] governor.

[(c) The house of representatives shall consist of one hundred sixty-three members elected at each general election and apportioned as provided in this section.]

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the nonpartisan state demographer shall begin the preparation of [legislative] congressional districting plans and maps using the following methods, listed in order of priority:

a. Districts shall be established on the basis of total population. [Legislative] Congressional districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census;

b. Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be designed in a manner that achieves both partisan fairness and, secondarily, competitiveness. **"Partisan fairness"** means that parties shall be able to translate their popular support into legislative representation with approximately equal efficiency. **"Competitiveness"** means that parties' legislative representation shall be substantially and similarly responsive to shifts in the electorate's preferences.

To this end, the nonpartisan state demographer shall calculate the average electoral performance of the two parties receiving the most votes in the three preceding elections for governor, for United States Senate, and for President of the United States. This index shall be defined as the total votes received by each party in the three preceding elections for governor, for United States Senate, and for President of the United States, divided by the total votes cast for both parties in these elections. Using this index, the nonpartisan state demographer shall calculate the total number of wasted votes for each party, summing across all of the districts in the plan. **"Wasted votes"** are votes cast for a losing candidate or for a winning candidate in excess of the fifty percent threshold needed for victory. In any plan of apportionment and map of the proposed districts submitted to the respective apportionment commission, the nonpartisan state demographer shall ensure the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

To promote competitiveness, the nonpartisan state demographer shall use the electoral performance index to simulate elections in which the hypothetical statewide vote shifts by one percent, two percent, three percent, four percent, and five percent in favor of each party. The vote in each individual district shall be assumed to shift by the same amount as the statewide vote. The nonpartisan state demographer shall ensure that, in each of these simulated elections, the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable;

c. Subject to the requirements of paragraphs a. and b. of this subdivision, districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous;

d. To the extent consistent with paragraphs a. to c. of this subdivision, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county;

e. Preference shall be that districts are compact in form, but the standards established by paragraphs a. to d. of this subdivision take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.

[(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.]

[(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the nonpartisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the nonpartisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.]

III Section 4. Qualifications of representatives – election of representatives. — The house of representatives shall consist of ten members from each congressional district elected at each general election. Each representative shall be twenty-four years of age, and next before the day of his election shall have been a qualified voter for two years and a resident of the county or district which he is chosen to represent for one year, if such county or district shall have been so long established, and if not, then of the county or district from which the same shall have been taken.

III Section 5. Senators — number [— senatorial districts]. — The senate shall consist of thirty-four members elected by the qualified voters of the [senatorial districts] state of Missouri for a term of four years. [Senatorial districts shall be apportioned as provided for in Article III, Section 7.]

III Section 6. Qualifications of senators. — Each senator shall be thirty years of age, and next before the day of his election shall have been a qualified voter and a resident of the state for [three] two years [and a resident of the district which he is chosen to represent for one year, if such district shall have been so long established, and if not, then of the district or districts from which the same shall have been taken].

III Section 7. [Senatorial districts established — senatorial apportionment commission] Qualifying for the ballot – apportionment of representatives and senators – filling vacancies. — [(a) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the nonpartisan state demographer authorized in Article III, Section 3 shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the house of representatives.]

[(b) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, or within sixty days after a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.]

[(c) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the nonpartisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by this subsection, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the nonpartisan state demographer provided that such changes are consistent with this section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the house of representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.]

(a) An ordered list of candidates, ranked by number of votes received, from most to least, from each political party that is to appear on the ballot for both the senate and the house of representatives in each general election will be determined by means of a primary election, with each party electing a number of candidates up to, but not exceeding, the number of representatives to be elected from a congressional district, and senators to be elected state-wide. All qualified candidates who file for each party's nomination will appear on the primary ballot for that party. Registered voters will be allowed to vote in one, and only one, party's primary election, and will cast a single vote for a single candidate to be nominated from that party for each office to be elected in the general election to follow.

(b) A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the house in each congressional district by presenting petitions signed by one-half of one per cent of the legal voters in that congressional district. An independent candidate may qualify for a place on the ballot in a congressional district by presenting petitions signed by one-fifth of one percent of the legal voters in that congressional district. A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the senate by presenting petitions signed by one-half of one per cent of the legal voters in the state of Missouri. An independent candidate may qualify for a place on the ballot for the senate by presenting petitions signed by one-fifth of one percent of the legal voters in the state of Missouri. The number of "legal voters" is equal to, and determined by, the total vote for governor in the general election last preceding. Said petitions are to be delivered to the secretary of state no later than ninety days preceding the primary election.

(c) The signatures on petitions submitted by independent candidates and political parties shall be subject to verification according to the procedures in the code of state regulations for independent candidate petitions in force at the time the petitions are submitted.

(d) In each general election, each voter will cast a single vote for the election of representatives and a single vote for the election of senators, in each case voting for the ordered list of a political party, or for a single independent candidate appearing on the ballot, or for a single write-in vote for a candidate not appearing on the ballot, having properly registered with the secretary of state as a write-in candidate.

(e) To determine how many candidates in the house of representatives and the senate will be elected from each political party and which independent or write-in candidates will be elected (if any), the total number of valid votes cast for all parties and independent candidates will be divided by the number of seats to be elected to the house of representatives or to the senate. The resulting number will then be rounded to the nearest whole number. The total number of votes cast for each party or independent or write-in candidate will then be divided by that number and that number of candidates from each party is elected, with any remaining votes for each party above the number needed to elect that many candidates calculated as "surplus votes" for that party. Any independent candidate or valid write-in candidate receiving at least the number of votes needed for a seat is elected. The votes for any party or independent candidate falling short of the number needed to be elected are also treated as surplus votes.

(f) The number of candidates thus elected is calculated and subtracted from the total number of candidates to be elected. If additional candidates remain to be elected, the highest ordered remaining candidate from a party list, or independent candidate with the highest number of surplus votes, is elected. The number of surplus votes required to be elected is then deducted from that party's total votes and the process repeated until the requisite number of candidates has been elected.

(g) In both primary and general elections, officials shall determine a random selection algorithm, prior to tabulation, to resolve ties between candidates. If a tie occurs at any point in the tabulation procedure and tabulation cannot proceed until the tie is resolved, then the random selection algorithm shall resolve the tie.

(h) If a senator or representative resigns, dies, or is removed from office for any reason during the subsequent legislative sessions, the seat shall be filled by the next candidate from her or his party's ordered list, or in the case of an independent candidate, the candidate who would have been elected had there been one more member elected using the prescribed method for tabulating votes.

III Section 9. Apportionment of representatives. — Until the convening of the Seventy-fourth General Assembly the House of Representatives shall consist of one hundred sixty-three members elected from the one hundred sixty-three representative districts, as they existed January 1, 1965. Beginning with the election of representatives in the primary and general elections to be held in the year two thousand and twenty-two the House of Representatives shall consist of ten members elected from each congressional district. In the event that members of Congress from Missouri are elected at large, congressional district boundaries will still be drawn and used in the election of members of the Missouri House of Representatives.

[III Section 10. Basis of apportionment — alteration of districts. — The last decennial census of the United States shall be used in apportioning representatives and determining the population of senatorial and representative districts. Such districts may be altered from time to time as public convenience may require.]

III Section 11. Time of election of senators and representatives. — The first election of senators and representatives under this constitution, shall be held at the general election in the year one thousand nine hundred and forty-six when the whole number of representatives and the senators from the districts having even numbers, who shall compose the first class, shall be elected, and two years thereafter the whole number of representatives and the senators from districts having odd numbers, who shall compose the second class, shall be elected, and so on at each succeeding general election. Beginning with the primary and general elections to be held in the year two thousand and twenty-two senators will continue to be divided into two classes, with senators from each class, as the term of that class expires, to be elected at large on a state-wide basis.

[III Section 14. Writs of election to fill vacancies. — Writs of election to fill vacancies in either house of the general assembly shall be issued by the governor.]

III Section 20(d). Severability provision. — If any provision of sections 2, 3, 5, 6, 7, 9, 10, 11, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 29, 2019

RECEIVED
JAN 29 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Christopher Pieper regarding a proposed constitutional amendment to Article VI (2020-039)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Christopher Pieper on January 28, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

20-039

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the State of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the State of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 JAN 28 PM 3:11

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer:

_____ (Name of payer)

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____ day of ____ A.D. 20_____.
Notary Public (Seal)

_____ Signature of Notary

My commission expires _____.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article VI of the Constitution is revised by repealing Sections 30(a), 30(b), 31, 32(a), 32(b), 32(c), and 33 and adopting one new section to be known as Article VI, Section 30 to read as follows:

1. Definitions.

(1) When used in this section, the following terms shall have the following meanings:

(a) "Effective date of this section" shall mean January 1, 2021, which shall be the effective date of the enactment of Section 30 of this article and the repeal of Sections 30(a), 30(b), 31, 32(a), 32(b), 32(c), and 33 of this article.

(b) "General district service" shall mean any duty, service, or function of the metropolitan city, a county, or a city, now or in the future assigned by law, charter, or ordinance, of the metropolitan city including, without limitation: public health, safety, and general welfare; police, law enforcement, and municipal court; the licensing, taxing, and regulation of businesses, occupations, professions, activities, and things; transportation, infrastructure, and public works; and economic development.

(c) "Mayor" shall mean the mayor of the metropolitan city.

(d) "Metropolitan city" shall mean The Metropolitan City of St. Louis.

(e) "Municipal district" shall mean a municipal district of the metropolitan city, comprising the territory within the municipality immediately prior to the effective date of this section.

(f) "Municipal district service" shall mean any duty, service, or function of the municipality immediately prior to the effective date of this section or in the future assigned to the municipal district by law, charter, or ordinance of the metropolitan city, and which is not otherwise a general district service provided or secured by the metropolitan city within the territory of the municipal district, including, without limitation: fire protection, emergency medical, and related services; parks and recreation; proprietary and enterprise functions of the municipality; and administration of the municipal district.

(g) "Municipality" shall mean any incorporated city, town, or village located wholly within the territory of the city of St. Louis or the county of St. Louis as of January 1, 2019, including the city of St. Louis.

(h) "Special district" shall mean, excluding school districts, any political subdivision, municipal corporation, body corporate and politic, authority, taxing district, taxing subdistrict, public corporation, or quasi-public corporation, other than the county of St. Louis or a municipality, located wholly or partially within the territory in the city of St. Louis or the county of St. Louis immediately prior to the effective date of this section.

(i) "Transition mayor" shall mean the transition mayor of the metropolitan city.

(j) "Transition period" shall mean the period between the effective date of this section and January 1, 2023.

2. Metropolitan City.

(1)(a) Upon the effective date of this section, the territory of the county of St. Louis is extended to embrace the territory heretofore in the city of St. Louis and the county of St. Louis, and the county of St. Louis so expanded shall continue its corporate existence as a new political subdivision, body corporate and politic, and municipal corporation, which is hereby created, with

its name "The Metropolitan City of St. Louis" and its seat of government within the territory heretofore in the city of St. Louis.

(b) All rights, duties, personnel, property, contracts, records, assets, liabilities, and obligations of any kind of the county of St. Louis, including, without limitation, the payment of principal and interest on indebtedness, and any obligations related to employee benefits, including, without limitation, pension, retirement, medical, life insurance, and similar benefits for employees and beneficiaries, shall continue without impairment with the metropolitan city by operation of this section to continue the corporate existence of the county of St. Louis as the metropolitan city.

(2) The metropolitan city shall be a metropolitan city form of government, which is hereby created and which shall possess all the powers and privileges of both a constitutional charter county and a constitutional charter city, including any city not within a county. The powers and privileges of the metropolitan city shall include, without limitation, all powers and privileges of the county of St. Louis and of any municipality immediately prior to the effective date of this section, and all powers and privileges now or in the future granted to the metropolitan city, to a county, or to a city under this constitution and the laws of this state. Such powers and privileges shall be cumulative and shall be construed broadly in favor of the metropolitan city.

(3) The metropolitan city shall be governed by a charter. Notwithstanding any provision of law or this constitution, the initial charter of the metropolitan city shall be the charter of the county of St. Louis as of January 1, 2019, except as otherwise provided in this section. The specific mention of or the failure to mention a particular power or privilege in the initial charter shall not limit in any way the powers and privileges granted herein to the metropolitan city. The initial charter shall be liberally construed to effectuate this section and in harmony therewith. The initial charter may be amended in the manner provided in this section and, following the transition period, in the manner provided by charter, provided that any amendment submitted by ordinance shall require the affirmative vote of two-thirds of the qualified electors voting thereon.

(4)(a) Unless otherwise provided by charter following the transition period, there shall be no elective officers of the metropolitan city other than the mayor, the members of the metropolitan council, the assessor, and the prosecuting attorney. Elective officers shall be qualified voters of the metropolitan city and shall possess such additional qualifications provided by charter. Except as otherwise provided in this section, elective officers of the metropolitan city shall be nominated and elected in the manner provided in the election laws for state and county officers. No person duly serving in any office of the county of St. Louis or of any municipality immediately prior to the effective date of this section shall be disqualified from candidacy for elective office of the metropolitan city or of a municipal district, but shall forfeit such office upon assuming elective office of the metropolitan city or of a municipal district.

(b) The salary for members of the metropolitan council shall be as provided for members of the board of aldermen of the city of St. Louis immediately prior to the effective date of this section and as may be fixed by ordinance. The salary for all other elective officers of the metropolitan city shall be as provided for corresponding officers of the county of St. Louis immediately prior to the effective date of this section and as may be fixed by ordinance.

(5)(a) Except as otherwise provided in this section with respect to the transition period, the legislative power of the metropolitan city shall be vested in the metropolitan council and shall include the exercise of legislative power throughout the territory of the metropolitan city,

including within the territory of any municipal district, pertaining to any and all duties, services, and functions now or in the future assigned to the metropolitan city, to a county, or to a city.

(b) The metropolitan council shall consist of thirty-three members, elected for terms of four years by the qualified voters of the districts in which they reside, except that members initially representing even-numbered districts shall be elected for terms of two years to provide for staggered terms. Members shall be elected at the general election in 2022, and so on at succeeding elections, and shall take office on January first following election. Notwithstanding the foregoing, the members of the county council of the county of St. Louis duly serving as of the effective date of this section shall be entitled to continue service as members of the county council of the county of St. Louis for the term of office for which they were elected or appointed and receive compensation therefor in the exercise of the duties specified in this section.

(c) Members of the metropolitan council shall be elected from districts established in the manner provided in this section.

(i) Before April 1, 2021, the mayor and transition mayor shall jointly appoint a member or members of the faculty, with relevant expertise and without partisan affiliation, of one or more universities located within the metropolitan city to prepare a plan to divide the metropolitan city into districts from which members of the metropolitan council shall be elected. The plan shall include a statement of the boundaries of the initial districts, together with a map of such districts. Districts shall contain as nearly equal population as practicable, shall be compact and contiguous, and shall comply with all requirements of the United States Constitution and federal laws, including, but not limited to, the Voting Rights Act of 1965, as amended. Such districts shall respect boundaries of municipal districts and communities of interest whenever practicable.

(ii) Before September 1, 2021, the plan shall be submitted for adoption, with or without amendment, by the county council of the county of St. Louis and the governing body of the municipal district within the territory heretofore in the city of St. Louis. If both shall fail to adopt identical plans on or before December 31, 2021, the plan as submitted shall be deemed approved as of that date. Upon approval, the plan shall be filed with the official performing the duties of a county clerk and the office or officers charged with conducting elections in the metropolitan city and shall be deemed incorporated into the charter.

(iii) On or before December thirty-first of the year following a federal decennial census, beginning with the first federal decennial census following the transition period, the districts shall be reapportioned, if necessary, in the manner provided in the charter and with the characteristics provided in this section.

(d) At its first regular meeting following the transition period, and every two years thereafter, the members of the metropolitan council shall designate a president and vice-president, whose terms of office shall be for two years.

(e) Any vacancy in the metropolitan council shall be filled by appointment of the president of the metropolitan council. Any person appointed to fill such vacancy shall have the same qualifications otherwise established for the office and shall serve until a successor is duly serving following a special election for the unexpired or full term.

(6)(a) Except as otherwise provided in this section with respect to the transition period, all executive and administrative power of the metropolitan city shall be vested in the mayor, who shall be the chief executive officer of the metropolitan city and shall possess and exercise all the

powers and duties of the chief executive officer of a county and of a city now or in the future granted. Notwithstanding any other provision of law or this constitution, the initial mayor shall be the person duly serving as county executive of the county of St. Louis on January 1, 2019, who shall assume office upon the effective date of this section and hold office until a successor is duly serving. The mayor shall be elected at the general election in 2024, and every four years thereafter, and shall take office on January first following election. Except as otherwise provided in this section with respect to the transition period, a vacancy in the office of mayor shall be filled by the president of the metropolitan council, who shall possess and exercise the powers and duties of the office until a successor is serving following a special election for the unexpired or full term. While so holding the office of mayor, a temporary vacancy shall exist in the office of the president of the metropolitan council. The vice-president of the metropolitan council shall hold the office of president of the metropolitan council during any such vacancy, with the right of succession to the office of mayor. Notwithstanding the foregoing, the transition mayor shall possess and exercise the powers and duties of the office of mayor in the event of a vacancy in such office during the transition period. The vacancy in the office of transition mayor thereby created shall be filled by appointment of the transition mayor, now serving as mayor, from a list of no less than three qualified voters nominated by the county council of the county of St. Louis. If the county council of the county of St. Louis shall fail to submit such list within seven days of the vacancy, the office shall be filled by appointment of the transition mayor, now serving as the mayor.

(b) The mayor shall appoint no fewer than four deputy mayors, to serve at the pleasure of the mayor and with such duties as directed by ordinance or executive order, with respect to public health and safety; economic development and innovation; community development and housing; community engagement and equity; and as otherwise designated by charter.

(c) There shall be an assessor of the metropolitan city who shall possess and exercise all the powers and duties of a county assessor now or in the future granted. Notwithstanding any other provision of law or this constitution, the initial assessor shall be the person duly serving as assessor of the county of St. Louis as of January 1, 2019, who shall assume office upon the effective date of this section and hold office until a successor is duly serving. The assessor shall be elected at the general election in 2024, and every four years thereafter, and shall take office on January first following election. A vacancy in the office shall be filled by appointment of the mayor, and the person so appointed shall hold office until January first following the next general election at which a successor shall be elected for the unexpired or full term.

(d) There shall be a prosecuting attorney of the metropolitan city who shall possess and exercise all the powers and duties of a prosecuting attorney and the circuit attorney for the city of St. Louis now or in the future granted. Notwithstanding any other provision of law or this constitution, the initial prosecuting attorney shall be the person duly serving as prosecuting attorney of the county of St. Louis on January 1, 2019, who shall assume office upon the effective date of this section and hold office until a successor is duly serving. The prosecuting attorney shall be elected at the general election in 2024, and every four years thereafter, and shall take office on January first following election. A vacancy in the office shall be filled by appointment of the mayor, and the person so appointed shall hold office until January first following the next general election at which a successor shall be elected for the unexpired or full term.

(e) There shall be a metropolitan city counselor appointed by the mayor, with such qualifications provided by charter, who shall serve as the metropolitan city's attorney and

counselor at law and shall possess and exercise all the powers and duties of a county counselor and a city attorney now or in the future granted.

(f) Except as provided in this section, the metropolitan city shall have such departments and offices as established by the county of St. Louis as of the effective date of this section and as may be subsequently established by the metropolitan city. Except for the heads of a department appointed by the majority of the circuit judges as provided by charter, the heads of each department shall be appointed by the mayor and shall assume office upon appointment. Upon the effective date of this section, a board or commission of the county of St. Louis, and which is not the governing body of a special district, shall continue as a board or commission of the metropolitan city, until otherwise provided by charter or by ordinance of the metropolitan city, with the members duly serving holding office until a successor is duly appointed. The members of boards and commissions of the metropolitan city shall be appointed by the mayor, or otherwise as designated by charter, and shall exercise such duties and functions as assigned by law, charter, ordinance, or order.

(7)(a) During the transition period, all executive and administrative power of the metropolitan city shall be vested jointly in the mayor and transition mayor, who shall together constitute the chief executive officer of the metropolitan city and who shall jointly undertake or order the exercise or performance of any power, duty, or function necessary and proper to faithfully execute the orderly administration and implementation of this section. Notwithstanding any provision of law or this constitution, the transition mayor shall be the person serving as mayor of the city of St. Louis on January 1, 2019, who shall assume the office of transition mayor upon the effective date of this section and hold office until January 1, 2023. During the transition period, the transition mayor shall concurrently exercise the powers, privileges, duties, and functions of the chief executive officer of the governing body of the municipal district within the territory heretofore in the city of St. Louis. A vacancy in the office of transition mayor shall be filled by appointment of the mayor from a list of no less than three qualified voters nominated by the governing body of the municipal district within the territory heretofore in the city of St. Louis. If the governing body of the municipal district shall fail to submit such list within seven days of the vacancy, the office shall be filled by appointment of the mayor.

(b) Notwithstanding any provision of law or this constitution, to the extent a power, duty, or function is required to be exercised or performed by the metropolitan city during the transition period, such power, duty, or function may be exercised or performed jointly by the mayor and transition mayor or, at their joint direction, by an official or employee of the metropolitan city or of a municipal district, but shall be deemed exercised or performed by the metropolitan city. Such powers, duties, and functions shall include, without limitation: (i) on or before February 1, 2021, establishing procedures related to the joint exercise and performance of the power, duties, and functions authorized by this section, including, without limitation, a procedure for the resolution of any nonconcurrence among the mayor and transition mayor; (ii) on or before April 1, 2021, making appointments to offices, departments, boards, and commissions, except for officers appointed by a majority of the circuit judges as provided in the charter, with such persons assuming office upon their appointment; (iii) ordering the metropolitan city provide or secure the provision of a general district service within the territory of a municipal district; (iv) administering the budget for each year of the transition period in the manner provided in this section; (v) transferring and assigning the functions and duties of personnel; (vi) entering into contracts and agreements; (vii) transferring and accepting the transfer of property; and (viii) executing any necessary documents or instruments related thereto on behalf of the metropolitan

city. The mayor and transition mayor shall jointly undertake or order the exercise or performance of such powers, duties, or functions pursuant to executive order contemporaneously transmitted to the county council of the county of St. Louis and the governing body of each municipal district.

(c) During the transition period, the mayor and transition mayor shall jointly solicit public comment and, before November 15, 2022, shall jointly present to the public, at meetings called for such purpose, a plan to create, organize, and abolish departments, divisions, bureaus, commissions, boards, offices, and employments, and transfer the functions and duties thereof, as necessary and proper to effectuate this section and to ensure the proper and efficient administration of the affairs of the metropolitan city. The plan shall provide for the exercise of all powers and duties of counties and county officers prescribed by this constitution and laws of the state and shall provide for the exercise of all powers, privileges, duties, and functions of the metropolitan city prescribed in this section, including, without limitation, providing or securing the provision of general district services throughout the territory of the metropolitan city. On or after January 1, 2023, the plan shall be submitted to the metropolitan council and shall take effect within thirty days of submission, unless disapproved by resolution adopted by two-thirds of all members voting in the affirmative, provided that if the plan would affect the department of judicial administration, such plan shall not become effective unless upon the concurrence of a majority of the circuit judges within the metropolitan city. Upon taking effect, the plan shall take the place of and supersede all charter provisions, ordinances, resolutions, rules, regulations, and orders inconsistent therewith.

(d) Notwithstanding any provision of law or this constitution, during the transition period, the county council of the county of St. Louis and the governing body of the municipal district located within the territory heretofore of the city of St. Louis, upon the joint recommendation of the mayor and transition mayor, shall adopt resolutions, ordinances, and orders consistent with this section and its orderly implementation and administration, with such resolutions, ordinances, and orders deemed as on behalf of the metropolitan city upon their adoption by both such bodies and the joint approval thereof by the mayor and transition mayor.

(e) During the transition period, the governing body of a municipal district shall administer the affairs of the municipal district in the manner provided in this section, provided that no municipal district shall incur any new obligation extending beyond the transition period no dispose of its property without the joint approval of the mayor and transition mayor.

(f) During the transition period, it shall be the affirmative duty of any official or employee of the metropolitan city, the county of St. Louis, or a municipal district to cooperate in the orderly administration and implementation of this section under the joint direction of the mayor and transition mayor and to refrain from any action that would impair or frustrate its orderly administration and implementation.

(8) Notwithstanding any provision of law or this constitution, upon the effective date of this section, the powers and duties of any county office of the city of St. Louis or the county of St. Louis shall be deemed exercised or performed on behalf of the metropolitan city. Except as otherwise provided in this section, on or before January 1, 2022, all property, contracts, records, and personnel related to any such county office shall be transferred to the corresponding office of the metropolitan city. Incumbents serving in such offices shall serve the remainder of the term for which they were elected or appointed, subject to any right of resignation, and shall receive compensation therefor in the performance of such duties directed by the metropolitan city.

(9) The entire territory of the metropolitan city shall be a general services district throughout which the metropolitan city shall provide or secure the provision of general district services, including within the territory of any municipal district. Notwithstanding the foregoing, a municipal district shall continue to provide or secure the provision of a general district service on behalf of the metropolitan city until provided or secured by the metropolitan city within the territory of the municipal district pursuant to executive order or ordinance of the metropolitan city. Except as otherwise provided in this section, property, contracts, records, and personnel of a municipal district related to providing or securing a general district service shall be transferred to the metropolitan city.

(10)(a) The metropolitan city shall enforce its ordinances, resolutions, rules, regulations, and orders throughout its territory. Ordinances, resolutions, rules, regulations, and orders of the county of St. Louis in effect immediately prior to the effective date of this section shall remain effective as ordinances, resolutions, rules, regulations, and orders of the metropolitan city and shall be enforced by the metropolitan city until repealed, modified, or amended by the metropolitan city, except to the extent of any conflict with this section. Charter provisions, ordinances, resolutions, rules, regulations, and orders of any municipality in effect immediately prior to the effective date of this section shall become effective as ordinances, resolutions, rules, regulations, and orders of the metropolitan city as if enacted or promulgated by the metropolitan city and shall be enforced by the metropolitan city with respect to the territory to which they applied immediately prior to the effective date of this section until repealed, modified, or amended by the metropolitan city, except to the extent of any conflict with this section. Notwithstanding the foregoing, during the transition period, a municipal district may, under the direction of the metropolitan city, continue to enforce such ordinances, resolutions, rules, regulations, and orders within its territory, and such enforcement shall be deemed on behalf of the metropolitan city. All ordinances, resolutions, rules, regulations, or orders of the metropolitan city shall be construed to effectuate this section.

(b) The metropolitan city counselor shall review all charter provisions, ordinances, resolutions, rules, regulations, and orders and shall solicit public comments related thereto. By no later than November 15, 2022, the metropolitan city counselor shall issue a report on such modifications and revisions necessary or advisable, including, without limitation, to resolve any conflicts whereby any rights, remedies, entitlements, or the enforcement thereof, cannot reasonably be reconciled. The metropolitan council may adopt the report by ordinance, and, upon adoption, the charter, ordinances, resolutions, rules, regulations, and orders in effect shall be deemed modified to reflect the report so adopted.

(11)(a) Upon the effective date of this section, the jurisdiction of the municipal court for the county of St. Louis shall be extended to the entire territory of the metropolitan city and shall constitute the municipal court for the metropolitan city. The municipal court shall have jurisdiction to hear and determine cases involving violations of ordinances in the manner provided by this constitution or by law, rule, charter, or ordinance. Notwithstanding the foregoing, during the transition period, a municipal court within the metropolitan city immediately prior to the effective date of this section may continue to operate as a division of the municipal court of the metropolitan city, with any act of such division deemed performed on behalf of the municipal court of the metropolitan city. On or before January 1, 2023, property, contracts, records, and personnel of any municipal court within the metropolitan city immediately prior to the effective date of this section shall be transferred to the municipal court of the metropolitan city.

(b) The metropolitan city may authorize the municipal court to operate within divisions and in such locations as are convenient to residents of the metropolitan city and which may correspond with the geographic boundaries of one or more municipal courts immediately prior to the effective date of this section. Except as otherwise provided in this section, the municipal court shall have such municipal judges, and the necessary non-judicial personnel assisting them, as provided by law and ordinance. Unless otherwise provided by ordinance of the metropolitan city respecting a municipal court, the mayor shall appoint, with advice and consent of the metropolitan council, the judges of the municipal court. The metropolitan city shall prescribe by ordinance the tenure and compensation of the judges of the municipal court. Municipal judges and necessary non-judicial personnel shall serve full-time, unless otherwise provided by charter of the metropolitan city, provided that the compensation for any full-time judge of the municipal court shall not exceed the compensation for an associate circuit judge.

(c) The clear proceeds of all penalties, forfeitures, and fines collected by the municipal court shall be distributed annually to the schools of the metropolitan city according to law.

3. Municipal Districts.

(1)(a) Upon the effective date of this section, a municipality shall continue its corporate existence as a municipal district, with its name the term "Municipal District" preceded by the name of the municipality, less any previous designation as to city, town, or village, unless otherwise designated by the municipal district or by law. A municipal district of the metropolitan city, which is hereby created, shall be a political subdivision, body corporate and politic, and municipal corporation, exercising and performing such powers, privileges, duties, and functions of the municipality necessary and proper: (i) to provide or secure the provision of a municipal district service not otherwise provided or secured within its territory; (ii) to provide or secure the provision of a general district service until provided or secured by the metropolitan city within the territory of the municipal district pursuant to executive order or ordinance of the metropolitan city; and (iii) for the satisfaction of outstanding obligations of any kind incurred by the municipality prior to the effective date of this section.

(b) All rights, duties, personnel, property, contracts, records, assets, liabilities, and obligations of any kind of the municipality, including, without limitation, the payment of principal and interest on indebtedness and any obligation related to employee benefits, including, without limitation, pension, retirement, medical, life insurance, and similar benefits for employees and beneficiaries, shall continue without impairment with the municipal district by operation of this section to continue the corporate existence of the county of St. Louis as the metropolitan city. Except as otherwise provided in this section, the municipal district and the territory therein shall continue to be held responsible for any such outstanding obligation, and any tax, fee, or special assessment levied or imposed for the satisfaction of any outstanding obligation shall continue to be levied or imposed within its territory until such obligation is satisfied. Any property securing an outstanding obligation shall remain the property of the municipal district until such obligation is satisfied. Notwithstanding the foregoing, the metropolitan city may assume any outstanding obligation of the municipal district, provided that no such assumption shall impair any obligation of contract.

(2)(a) The governing body of a municipal district shall be the governing body of the municipality, exercising and performing such powers, privileges, duties, and functions of the governing body of the municipality necessary and proper to effectuate this section and for the proper and efficient administration of the municipal district, including, without limitation, serving the function of a planning commission and board of adjustment to the metropolitan city,

in the manner authorized by the metropolitan city, with respect to zoning ordinances applicable to territory of the municipal district.

(b) Notwithstanding any provision of law or this constitution, the initial governing body shall consist of the members of the governing body of the municipality duly serving immediately prior to the effective date of this section, who shall assume office with the municipal district upon the effective date of this section and hold office until a successor is duly serving following election, beginning with the first general municipal election following the transition period.

(c) Upon the effective date of this section, a board or commission of the municipality, and which is not the governing body of a special district, shall continue as a board or commission of the municipal district, until otherwise provided by the municipal district, by the metropolitan city, or by law, with the members duly serving holding office until a successor is duly appointed in a manner consistent with that of the municipality or as provided by law.

(3) The boundaries of a municipal district shall not be altered except as approved by ordinance of the metropolitan city. Following the transition period, a municipal district may merge or consolidate with one or more municipal districts or may be dissolved as authorized by ordinance of the metropolitan city providing for the transfer of any rights, duties, personnel, property, contracts, assets, liabilities, and obligations and the procedure and effective date for such merger, consolidation, or dissolution. Such ordinance may provide for creation of a new municipal district to assume the powers, privileges, duties, and functions of any municipal districts so subsumed.

4. The St. Louis Municipal Corporation.

(1)(a) On January 1, 2023, the municipal district within the territory heretofore in the city of St. Louis shall continue its corporate existence as a political subdivision and municipal corporation, with its name "The St. Louis Municipal Corporation." The St. Louis Municipal Corporation shall exercise and perform such powers, privileges, duties, and functions of the municipal district necessary and proper: (i) for the satisfaction of outstanding obligations of any kind of the municipal district; and (ii) to provide or secure the provision of a municipal district service not otherwise provided or secured within its territory, if authorized to do so by ordinance of the metropolitan city.

(b) Except as otherwise provided in this section, all rights, duties, personnel, property, contracts, records, assets, liabilities, and obligations of any kind of the municipal district within the territory heretofore in the city of St. Louis, including, without limitation, the payment of principal and interest on indebtedness, and any obligation related to employee benefits, including, without limitation, pension, retirement, medical, life insurance, and similar benefits for employees and beneficiaries, shall continue without impairment with the St. Louis Municipal Corporation by operation of this section to continue the corporate existence of the municipal district as the St. Louis Municipal Corporation. Except as otherwise provided in this section, the St. Louis Municipal Corporation and the territory therein shall continue to be held responsible for any such outstanding obligation, and any tax, fee, or special assessment levied or imposed for the satisfaction of any outstanding obligation shall continue to be levied or imposed within its territory until such obligation is satisfied. Any property securing any outstanding obligation shall remain the property of the St. Louis Municipal Corporation until such obligation is satisfied. Notwithstanding the foregoing, the metropolitan city may assume any outstanding obligation of the St. Louis Municipal Corporation, provided that no such assumption shall impair any obligation of contract.

(2) The governing body of the St. Louis Municipal Corporation shall be comprised of a board of directors of five qualified voters appointed by the transition mayor, with three directors appointed for terms of three years and two appointed for terms of two years. Such initial members shall assume office on January 1, 2023, and shall hold office until a successor is duly appointed by the mayor of the metropolitan city. Notwithstanding the foregoing, the members of the governing body of the municipal district shall serve the remainder of the term of office for which they were elected or appointed, subject to any right of resignation, and receive compensation therefor in the performance of such duties as directed by the governing body of the St. Louis Municipal Corporation.

(3)(a) As provided in this section for a municipal district, the territory of the St. Louis Municipal Corporation shall continue as a taxing subdistrict of the metropolitan city, and the St. Louis Municipal Corporation shall continue as a separate taxing district, provided that it may exercise only such taxing powers of the municipal district authorized for its exercise by ordinance of the metropolitan city.

(b) Unless otherwise provided by ordinance of the metropolitan city, the metropolitan city shall distribute funds to the St. Louis Municipal Corporation in the manner and for the purposes provided in this section with respect to a municipal district and may levy or impose a tax, fee, or special assessment solely within the territory of the St. Louis Municipal Corporation in the manner and for the purposes provided in this section with respect to a tax, fee, or special assessment of the metropolitan city levied or imposed solely within the territory of a municipal district.

(c) Unless otherwise provided by ordinance of the metropolitan city, the St. Louis Municipal Corporation shall be deemed a municipal district for purposes of determining the right to receive, and for the calculation and receipt of, distributions, allocations, remittances, and reimbursements of any kind from the state or United States government, or from any other agency, public or private.

5. Finances.

(1)(a) General district services and the satisfaction of outstanding obligations of any kind of the metropolitan city shall be financed with funds generated throughout the territory of the metropolitan city, including within the territory of any municipal district thereof, or otherwise secured by the metropolitan city. Municipal district services provided or secured by a municipal district within its territory and the satisfaction of outstanding obligations of any kind of a municipal district shall be financed with funds generated within the territory of the municipal district, or otherwise secured by the municipal district.

(b) Notwithstanding any provision of law or this constitution, the metropolitan city shall be empowered to take any and all actions necessary and proper to ensure the satisfaction of outstanding obligations incurred prior to the effective date of this section and to prevent any impairment thereof.

(2)(a) Except as otherwise provided in this section, the tax structure, tax rates, and level of services in effect immediately prior to the effective date of this section shall remain in effect until modified by the metropolitan city. Notwithstanding any provision of law or this constitution, in order to maintain the tax structure, tax rates, and level of services, all taxes, fees, and special assessments levied or imposed by the county of St. Louis or by a municipality shall continue as a tax, fee, or special assessment of the metropolitan city with respect to the territory to which the same applied immediately prior to the effective date of this section, until modified by the metropolitan city, but shall remain subject to any duty or requirement regarding the use of

funds generated thereby and shall remain subject to any requirement imposed by law for voter approval of the continued levy or imposition of any such tax initially levied or imposed prior to the effective date of this section.

(b)(i) The metropolitan city shall distribute funds generated by any tax, fee, or special assessment of the metropolitan city initially levied by the municipality to the municipal district as required for the satisfaction of any outstanding obligation.

(ii) Except as otherwise provided in this section, the metropolitan city shall distribute any remaining funds generated by any property tax or special assessment of the metropolitan city initially levied by the municipality to the municipal district for providing or securing the provision of municipal district services within its territory, and for providing or securing the provision of a general district service, until such service is provided or secured by the metropolitan city within the territory of the municipal district pursuant to executive order or ordinance of the metropolitan city.

(iii) Except as otherwise provided in this section, the metropolitan city may distribute, from any remaining funds generated by any sales or use tax of the metropolitan city initially levied or imposed by the municipality, to the municipal district as necessary for providing or securing the provision of municipal district services within its territory, or for providing or securing the provision of a general district service, until such service is provided or secured by the metropolitan city within the territory of the municipal district pursuant to executive order or ordinance of the metropolitan city.

(3) Each municipal district shall constitute a taxing subdistrict of the metropolitan city. Notwithstanding any provision of law or this constitution, taxes, fees, or special assessments of the metropolitan city levied or imposed solely within the territory of a municipal district may be different than taxes, fees, or special assessments of the metropolitan city levied or imposed generally throughout its territory. The metropolitan city may levy or impose a tax, fee, or special assessment solely within the territory of a municipal district in order to ensure the satisfaction of any outstanding obligation incurred by the municipality prior to the effective date of this section, and may levy or impose a tax, fee, or special assessment solely within the territory of a municipal district to provide or secure the provision of, or to increase the level of, any services provided or secured by the metropolitan city within the territory of the municipal district, and to incur indebtedness related thereto, upon the affirmative vote of a majority of the qualified electors of the municipal district voting thereon.

(4)(a) In addition to constituting a taxing subdistrict of the metropolitan city, each municipal district shall be a separate taxing district, with the taxing powers specified in this section and as may be provided by law. A municipal district may, in the manner and to the extent authorized for the municipality, exercise the following taxing powers for providing or securing the provision of municipal district services, and to incur indebtedness related thereto: (i) the levy of a property tax or special assessment, which may be in addition to any such tax or special assessment of the metropolitan city; and (ii) the levy of a tax upon utilities within the municipal district, which shall be in the place of any such tax upon utilities the metropolitan city is authorized to levy within the territory of the municipal district. The governing body of the municipal district shall set the rate of any property tax or special assessment levied by the municipal district in the manner provided by law and this constitution for the municipality.

(b) A municipal district may, in the manner and to the extent authorized for the municipality and as may be provided by law, charter, or ordinance of the metropolitan city,

impose and collect fees related to providing or securing the provision of municipal district services within its territory.

(c) The fiscal year of each municipal district shall be the same as the fiscal year for the metropolitan city. The governing body of a municipal district shall administer the revenues generated from taxes, fees, and special assessments, along with any funds otherwise secured by the municipal district, in a manner consistent with that provided for the municipality and as may be provided by law, charter, or ordinance of the metropolitan city, pursuant to an annual budget adopted by the governing body, beginning with an annual budget for the fiscal year beginning January 1, 2023.

(d) Except as otherwise provided by law, charter, or ordinance of the metropolitan city, not later than ninety days prior to the first day of each fiscal year, beginning with the fiscal year beginning January 1, 2023, the governing body of a municipal district shall submit to the metropolitan city a true and accurate estimate of: (i) all outstanding obligations of any kind, including, without limitation, the payment of principal and interest on indebtedness, for the ensuing fiscal year; (ii) the expenditures necessary to provide or secure the provision of municipal district services for the ensuing fiscal year; and (iii) the funds, revenues, taxes, fees, and special assessments for such purposes for the ensuing fiscal year.

(5)(a) The metropolitan city shall be entitled to receive all funds from the state or United States government, or from any other agency, public or private, to the extent and in the manner in which any county or city of the state is, or may in the future be, entitled to receive such funds. The metropolitan city shall be deemed both a city and a county for determining the right to receive funds from the state or United States government, or from any other agency, public or private.

(b) A municipal district shall be entitled to receive all funds from the state or United States government, or from any other agency, public or private, that are in furtherance of any power conferred upon a municipal district. A municipal district shall be deemed a political subdivision of the state and a municipal corporation for the purpose of determining the right to receive funds from the state or United States government, or from any other agency, public or private.

(c) Notwithstanding any provision of law or this constitution, all apportionments, distributions, allocations, remittances, and reimbursements of any kind from the state or United States government, or from any other agency, public or private, to counties, cities, towns, or villages that the county of St. Louis or any municipality was eligible to receive immediately prior to the effective date of this section shall be calculated in the same manner as if the reorganization pursuant to this section had not occurred, but any such apportionments, distributions, allocations, remittances, and reimbursements shall be made to the metropolitan city, which shall distribute to the municipal district only such portion thereof required for the satisfaction of any outstanding obligation or required to be used by the municipal district for providing or securing the provision of municipal district services within its territory.

(6)(a) Notwithstanding any provision of law or this constitution, except as otherwise provided in this section, the budget of the metropolitan city and the municipal districts thereof for each year of the transition period shall be the combined adopted budgets for the county of St. Louis and for each municipality covering the twelve-month period beginning January 1, 2019, along with any supplemental or emergency appropriations, and any additional appropriations necessary for the satisfaction of any indebtedness of the county of St. Louis or any municipality adopted during the twelve-month period beginning January 1, 2020. Such budget shall be the

complete financial plan for the metropolitan city and the municipal districts thereof for each year of the transition period. The amounts appropriated therein shall be deemed effective for each year of the transition period, and the taxes, fees, and special assessments levied and imposed in support thereof are hereby levied and imposed at the rates provided therein for each year of the transition period in order to create and provide new revenues in support of such appropriations. Notwithstanding any provision of law or this constitution, no adjustment to the rate of any levy therein shall be required during the transition period.

(b) The mayor and transition mayor shall jointly administer the budget for each year of the transition period. The mayor and transition mayor may jointly control the rate at which any appropriation is expended by allotment, may jointly reduce expenditures below appropriations, and may jointly transfer appropriations to ensure the proper and efficient administration of the metropolitan city and the municipal districts thereof during the transition period, provided that the mayor and transition mayor shall not reduce any appropriation for the payment of principal and interest on indebtedness. Notwithstanding any provision of law or this constitution, if jointly recommended by the mayor and transition mayor, the county council of the county of St. Louis and the governing body of the municipal district located within the territory heretofore in the city of St. Louis shall by ordinance make supplemental or emergency appropriations from available funds, and such ordinances shall be deemed on behalf of the metropolitan city upon their adoption by both such bodies and the joint approval thereof by the mayor and transition mayor.

(c) During the transition period, the metropolitan city shall distribute, to the municipal district, funds generated from any tax, fee, or special assessment of the metropolitan city initially levied by the municipality: (i) as required for the satisfaction of any outstanding obligation of the municipal district; (ii) as necessary for providing or securing the provision of municipal district services within its territory; or (iii) as necessary for providing or securing the provision of a general district service, until such service is provided or secured by the metropolitan city within the territory of the municipal district pursuant to executive order or ordinance of the metropolitan city.

(7)(a) Not later than November 15, 2022, the mayor and transition mayor shall jointly recommend and publish a balanced budget for the metropolitan city, which shall provide a complete financial plan for the metropolitan city for the ensuing fiscal year and shall include proposed tax rates, all estimated income and revenue, all proposed expenditures, and such other matters as may be necessary or advisable.

(b) The metropolitan city shall set the rate of any property tax or special assessment of the metropolitan city, including any property tax or special assessment of the metropolitan city levied solely within the territory of a municipal district, in the manner provided in this constitution and by law, except that the rate of the property tax levy for general county purposes levied solely within the territory heretofore in the county of St. Louis shall be reduced, for each subclass of real property and for personal property, to yield revenues no greater than half of the amount of revenues generated by such levy during the prior fiscal year.

(c) On or after January 1, 2023, the budget may be adopted in the manner provided by charter and ordinance, except as otherwise provided in this section. The amounts appropriated and the taxes, fees, and special assessments levied or imposed in support thereof for the current fiscal year shall be deemed appropriated and levied or imposed for the ensuing fiscal year on a month-to-month basis, with all items prorated accordingly, until such time as the metropolitan council does adopt the budget. The mayor may object to one or more items or portions of items of appropriation, other than an appropriation for the payment of principal and interest on

indebtedness, in any ordinance presented, and such items or portions of items shall not take effect unless separately reconsidered and adopted by the metropolitan council with two-thirds of all members voting in the affirmative, the objections of the mayor notwithstanding.

(d) Following adoption of the annual budget, the mayor may control the rate at which any appropriation is expended by allotment, may reduce expenditures below appropriations whenever the actual revenues are less than the revenues upon which the appropriations were based, and may transfer appropriations to ensure the proper and efficient administration of the metropolitan city, provided that the mayor shall not reduce any appropriation for the payment of principal and interest on indebtedness. If recommended by the mayor, the metropolitan council may by ordinance make supplemental or emergency appropriations from available funds during the fiscal year.

(8)(a) Not later than sixty days prior to each fiscal year, beginning with the fiscal year beginning January 1, 2024, the mayor shall recommend to the metropolitan council a balanced budget, which shall provide a complete financial plan for the metropolitan city for the ensuing fiscal year and shall include proposed tax rates, all estimated income and revenue, all proposed expenditures, and such other matters as may be necessary or advisable.

(b) The metropolitan city shall annually set the rate of any property tax or special assessment of the metropolitan city, including any property tax or special assessment of the metropolitan city levied solely within the territory of a municipal district, in the manner provided in this constitution and by law, except that the property tax levy of the metropolitan city for general county purposes levied solely within the territory heretofore in the county of St. Louis shall be levied throughout the territory of the metropolitan city, for each subclass of real property and for personal property, and shall be in place of the corresponding property tax levy of the metropolitan city for general county purposes levied solely within the territory heretofore in the city of St. Louis.

(c) The budget may be adopted in the manner provided by charter and ordinance, except as otherwise provided in this section. The amounts appropriated and the taxes, fees, and special assessments levied or imposed in support thereof for the current fiscal year shall be deemed appropriated and levied or imposed for the ensuing fiscal year on a month-to-month basis, with all items prorated accordingly, until such time as the metropolitan council does adopt the budget. The mayor may object to one or more items or portions of items of appropriation, other than an appropriation for the payment of principal and interest on indebtedness, in any ordinance presented, and such items or portions of items shall not take effect unless separately reconsidered and adopted by the metropolitan council with two-thirds of all members voting in the affirmative, the objections of the mayor notwithstanding.

(d) Following adoption of the annual budget, the mayor may control the rate at which any appropriation is expended by allotment, may reduce expenditures below appropriations whenever the actual revenues are less than the revenues upon which the appropriations were based, and may transfer appropriations within any department of the budget to ensure the proper and efficient administration of the metropolitan city, provided that the mayor shall not reduce any appropriation for the payment of principal and interest on indebtedness. If recommended by the mayor, the metropolitan council may by ordinance make supplemental or emergency appropriations from available funds during the fiscal year.

6. The St. Louis Fire Protection District.

(1)(a) On January 1, 2023, there is hereby established a fire protection district, coextensive with the boundaries of the territory heretofore in the city of St. Louis, to exercise the

powers, privileges, duties, and functions now vested or in the future granted to a fire protection district, with its name "The St. Louis Fire Protection District." Such fire protection district shall be a political subdivision, municipal corporation, and a body corporate and politic, providing fire protection, emergency medical, and related services.

(b) The fire protection district shall be governed by a board of directors with the powers, privileges, duties, and functions now or in the future granted by law to such boards. The initial board shall be comprised of five qualified voters appointed by the transition mayor, with three directors appointed for terms of three years and two appointed for terms of two years. Thereafter, members shall be elected to terms of three years and serve until successors are duly elected and qualified in the manner provided by law for a fire protection district.

(c) Except as otherwise provided in this section, any property, contracts, records, and personnel related to the provision of fire protection, emergency medical, and related services within the territory heretofore in the city of St. Louis shall be transferred to the fire protection district.

(2)(a) For the fiscal year beginning January 1, 2023, the board shall certify to the metropolitan city the amount necessary to be raised by taxation and, with other revenues, to support the fire protection district, and shall certify the rate of levy which, when levied upon taxable property within the district as shown by the last completed assessment, shall raise the amount of revenues necessary to be raised by taxation, provided that the rate of levy shall not exceed one dollar and eighty-two cents per hundred dollars of assessed valuation. During the fiscal year beginning January 1, 2023, the metropolitan city shall distribute to the fire protection district, from funds generated solely within the territory heretofore in the city of St. Louis, the amount of revenues necessary to be raised by taxation so certified by the board. In addition to such distribution, during such fiscal year, the metropolitan city may, by ordinance, make appropriations to the fire protection district from funds generated solely within the territory heretofore in the city of St. Louis.

(b) Notwithstanding any provision of law or this constitution, effective January 1, 2024, there is hereby levied by the fire protection district, on all taxable property within the territory of the district, a tax sufficient to produce from all taxable property, exclusive of new construction and improvements, substantially the same amount of revenue certified by the board as necessary to be raised by taxation for the prior fiscal year.

(c) For each year beginning on or after January 1, 2025, the board shall determine the amount necessary to be raised by taxation and, with other revenues, to support the fire protection district, and shall set the rate of tax on all taxable property within the territory of the district to raise the amount required, in the manner provided by law and this constitution for a fire protection district. The board may fix an additional rate and may levy an additional tax for the purposes and in the manner authorized by law for a fire protection district.

(3)(a) The fire protection district may assume any outstanding obligations related to the provision of fire protection and related services within the territory heretofore in the city of St. Louis, including, without limitation, the payment of principal and interest on indebtedness, and any obligations related to employee benefits, including, without limitation, pension, retirement, medical, life insurance, and similar benefits for employees and beneficiaries, provided that no such assumption shall impair any obligation of contract. The board shall make provision for the payment of principal and interest on any outstanding obligation so assumed by levy of a sufficient tax within the district in the manner authorized by law for a fire protection district.

(b) Notwithstanding any provision of law or this constitution, the members of the board of trustees or similar governing body for any retirement fund or pension system created prior to the effective date of this section shall continue to hold office until a successor is appointed and serving. Unless otherwise provided by law or by ordinance of the metropolitan city, the successors for such members who are officials of a municipality or who were required to be appointed by any official of a municipality prior to the effective date of this section shall be appointed by the mayor.

7. Elections.

(1)(a) Following the effective date of this section, the general assembly shall provide by law for a board of election commissioners or other election authority to perform such duties and possess such powers as provided by law with respect to the conduct of elections within the metropolitan city. Until such time as the general assembly has provided for a board of election commissioners or other election authority, the respective boards of election commissioners shall cooperate in the performance of the duties provided by law for a board of election commissioners in the conduct of elections within the metropolitan city.

(b) Following the effective date of this section, the general assembly shall provide for party committees of the metropolitan city organized in the manner and to perform such duties provided by law for county party committees. Until such time as the general assembly has provided for such party committees, the respective party committees shall cooperate in the performance of duties provided by law for county party committees.

(2)(a) Notwithstanding any provision of law or this constitution, during the transition period, neither the metropolitan city nor any municipal district thereof shall have the power to submit any question to voters with respect to the continued levy or imposition of any tax initially levied or imposed by a municipality prior to the effective date of this section. Upon the failure to submit any question to voters with respect to the continued imposition or levy of any tax on earnings, such tax shall be reduced in the manner provided by law, and any tax on payroll expense initially levied or imposed by a municipality prior to the effective date of this section shall be reduced by one-twentieth of one percent annually until such tax is eliminated.

(b) Notwithstanding any provision of law or this constitution, in the event of the death or incapacity of both persons designated by this section to serve in the offices of mayor and transition mayor prior to the effective date of this section, the prosecuting attorney of the metropolitan city and the assessor of the metropolitan city shall jointly possess and exercise the powers and duties of the office of mayor and transition mayor and shall jointly act as the chief executive officer of the metropolitan city until such time as a mayor is elected by the qualified voters of the metropolitan city at the general municipal election in 2021 and has assumed office ten days thereafter. Notwithstanding any provision of this section, the mayor so elected shall constitute the chief executive officer of the metropolitan city and shall exercise and perform any power, duty, or function otherwise to be jointly exercised by the mayor and the transition mayor during the transition period and shall exercise and perform any power, duty, or function of mayor until January 1, 2025, when a successor elected at the general election in November 2024 is duly serving. Except for the election of the mayor as provided in this paragraph, during the transition period, neither the metropolitan city nor any municipal district thereof shall have the power to call an election or to submit any question to voters with respect to any other office of the metropolitan city or of any municipal district.

(c) Nothing herein shall be construed to prevent a special district from submitting any question to voters, and the costs of submitting such shall be borne according to law, unless otherwise provided by ordinance of the metropolitan city.

8. Judicial Circuit Boundaries.

(1) Notwithstanding any provision of law or this constitution, upon the effective date of this section, the judicial conference of the state of Missouri, as established by law, is hereby authorized to submit a circuit realignment plan, in the manner provided by section 478.073 of the revised statutes of Missouri, as such section existed on January 1, 2019, for the alteration of the geographical boundaries of the judicial circuits to create a single judicial circuit for the metropolitan city, provided that no judge shall be removed from office during his or her term by reason of any alteration of the geographical boundaries of any judicial circuit. Such plan shall become effective January first of the year following the session of the general assembly to which it is submitted, unless a bill providing such is presented to the governor and is duly enacted. Nothing herein shall be construed to prohibit the general assembly from providing by law for the alteration of the geographical boundaries of the judicial circuits as authorized by this constitution.

(2) Notwithstanding any provision of law or this constitution, the judges of the circuit courts for the city of St. Louis and for the county of St. Louis shall continue as judges of any judicial circuit for the metropolitan city, and the number of judges for any such circuit shall be the number authorized by law for both circuits as of the effective date of this section, unless subsequently modified in the manner provided by law.

(3) Whenever a vacancy shall occur in the office of circuit judge or associate circuit judge of a circuit court within the metropolitan city, the vacancy shall be filled in the manner provided by article V, sections 25(a)-(g) of this constitution.

9. Special Districts.

(1)(a) Notwithstanding any provision of law or this constitution, upon the effective date of this section, all special districts shall continue unaffected, unless otherwise provided by law or in the manner authorized thereby, and shall continue to exercise all powers, privileges, duties, and functions authorized by law as of the effective date of this section, except that any power to appoint, nominate, or recommend an appointment to the governing body of a special district possessed by any official of the county of St. Louis or of a municipality immediately prior to the effective date of this section shall be exercised by the mayor, and any other power related to a special district possessed by the county of St. Louis or by a municipality immediately prior to the effective date of this section shall be exercised by the metropolitan city, unless otherwise provided by law or pursuant thereto.

(b) Nothing herein shall be construed to prohibit the general assembly from providing by law for the consolidation of special districts made duplicative by the adoption of this section, provided that no such consolidation shall impair any obligation of contract.

10. School Districts.

(1) Notwithstanding any provision of law or this constitution, nothing herein shall be construed as affecting any school district or any provisions of this constitution or the laws of this state pertaining thereto, and such laws and constitutional provisions shall continue in operation with respect to such school districts as if the reorganization adopted pursuant to this section had not occurred, including, without limitation, any law that constitutes the territorial boundaries of any school district based on the territorial boundaries of any municipality.

11. General Provisions.

(1)(a) Nothing in this section shall be construed to impair any obligation of contract, and the provisions of this section shall be administered so as to preserve and protect any vested rights therein. Any conflict in the provisions of contracts, bonds, franchises, deeds, obligations, and instruments shall be resolved in a manner that shall protect and preserve any vested rights and shall not impair the rights of any parties thereto.

(b) No action shall be taken to impair any contract with or any claim in favor of or against the county of St. Louis or any municipality in existence immediately prior to the effective date of this section or to impair or affect the validity of any indebtedness or any other outstanding obligation of any kind incurred prior to the effective date of this section.

(c) All actions, causes of action, rights, duties, titles, claims, debts, judgments, recognizances, fines, penalties, forfeitures, and obligations of any kind in favor of or against the county of St. Louis or any municipality as of the effective date of this section shall continue in full force and effect in favor of or against the metropolitan city or a municipal district, as the case may be.

(d) Except as otherwise provided in this section, all matters pending before or under consideration by the county of St. Louis or any municipality immediately prior to the effective date of this section may be acted upon and disposed of as if originated, initiated, or introduced with the metropolitan city or a municipal district, as the case may be.

(e) Notwithstanding any provision of law or this constitution, if the requisite vote of the electors of the county of St. Louis or of any municipality shall have occurred with respect to the issuance of bonds or other indebtedness prior to the effective date of this section, the metropolitan city or a municipal district, as the case may be, shall have the right to take any and all steps necessary to issue the same, with the same effect as if such actions had been taken by the metropolitan city or a municipal district and as if the vote had been of the requisite vote of the electors of the metropolitan city or the municipal district, as the case may be.

(2)(a) Any employee transferred to the metropolitan city pursuant to this section shall be entitled to continue in service with the metropolitan city, with seniority, rank, compensation, and accrued benefits intact, until otherwise provided by ordinance or order of the metropolitan city. Any rights, protections, and privileges attributed to any such employee by a civil service or similar system shall continue unimpaired with respect to any such employee in a corresponding civil service or similar system of the metropolitan city.

(b) Unless otherwise provided by ordinance of the metropolitan city following the transition period, any employee of the metropolitan city previously employed by the county of St. Louis or any municipality, other than the city of St. Louis, who is not a resident of the territory heretofore within the city of St. Louis and who became an employee of the metropolitan city as a result of the adoption of this section, shall be entitled to receive annually from the metropolitan city a refundable tax credit in an amount equal to the amount of taxation collected by the metropolitan city upon the earnings of such employee.

(3)(a) All collective bargaining agreements under negotiation or in existence with the county of St. Louis or any municipality immediately prior to the effective date of this section shall, if being negotiated, continue to be negotiated and, if in existence, continue in effect until the expiration of the terms of such agreements, at which time new agreements shall be negotiated with the metropolitan city or municipal district, as the case may be. The metropolitan city shall be the successor to any existing collective bargaining agreement in effect immediately prior to the effective date of this section between a recognized or certified majority collective bargaining representative and the county of St. Louis or the city of St. Louis related to a general district

service. The metropolitan city shall continue to recognize and bargain in good faith with such collective bargaining representatives and shall abide by the terms of any collective bargaining agreement then in effect.

(b) Should the adoption of this section result in the merger of one or more collective bargaining units with another such unit represented by recognized or certified collective bargaining representatives, any disputes concerning such merger, including the status of a representative or conflicts between agreements, that cannot be resolved through negotiations shall be submitted to interest arbitration, which shall bind all required parties and which shall be conducted by an experienced labor interest arbitrator mutually selected by the metropolitan city and the affected collective bargaining representatives.

(4)(a) Nothing herein shall deprive any person of any right or privilege to retire or to retirement or pension benefits, if any, to which he or she was entitled immediately prior to the effective date of this section. All rights, protections, and privileges of beneficiaries in any retirement fund or pension system related to the county of St. Louis or a municipality as of the effective date of this section shall continue unimpaired until all benefits due such beneficiaries have been paid.

(b) Employee members of a retirement fund or pension system who are transferred to the metropolitan city pursuant to this section shall remain members of and continue to earn service credit toward the benefits of such retirement fund or pension system during their employment with the metropolitan city. The metropolitan city shall contribute proportionately to any such retirement fund or pension system for each such employee member with respect to their employment with the metropolitan city as required by law or ordinance, but any contribution or portion thereof attributed to benefits accrued prior to the transfer of such employee to the metropolitan city shall remain an outstanding obligation satisfied solely from funds generated within the territory in which such obligation was incurred as provided in this section.

(c) Notwithstanding any provision of law or this constitution, the members of the board of trustees or similar governing body for any retirement fund or pension system created by state law prior to the effective date of this section shall continue to hold office until a successor is appointed and serving. The successors for such members who are officials of a municipality or who were required to be appointed by any official of a municipality prior to the effective date of this section shall be appointed by the mayor.

(d) Nothing herein shall be construed to prohibit the general assembly from providing by law for the modification of any pension or retirement system created by state law or to prohibit the metropolitan city from providing by charter or ordinance for the modification of any pension or retirement system created by charter or ordinance of a municipality or the county of St. Louis prior to the effective date of this section.

(5) Notwithstanding any provision of law or this constitution, a geographic designation in law or this constitution based upon the territorial boundaries of the county of St. Louis or of any municipality may continue to be construed as the territorial boundaries of the county of St. Louis or the municipality, as the case may be, as such boundaries existed immediately prior to the effective date of this section.

(6) Notwithstanding any provision of law or this constitution, any city, town, or village located partially but not wholly within the territory of the metropolitan city shall remain unaffected by this section, except that its territory located within the metropolitan city shall be detached and annexed to the metropolitan city upon the effective date of this section. The metropolitan city shall distribute annually to such city, town, or village, funds in an amount equal

to the revenues generated within the former territory of such city, town, or village and that would have otherwise been received if the reorganization adopted pursuant to this section had not occurred, until otherwise provided by law.

(7) Notwithstanding any provision of this section, any charter provision in effect immediately prior to the effective date of this section requiring a public vote related to the sale, lease, or disposition of any real estate designated as a public park shall continue to apply to the territory to which it applied immediately prior to the effective date of this section, until amended in the manner provided in this section for amending the charter of the metropolitan city.

(8) The general assembly may enact such laws as may be necessary and proper to aid in effectuating this section.

12. Severability.

(1) The provisions of this section are severable, and if any portion, subsection, sentence, clause, or phrase of this section, or an application thereof to any person or circumstance, is held to be invalid, the remaining portions, subsections, sentences, clauses and phrases, and the application of the section and its provisions to other persons and circumstances, shall not be affected, but shall remain in full force and effect.

[Section 30(a). The people of the city of St. Louis and the people of the county of St. Louis shall have power (1) to consolidate the territories and governments of the city and county into one political subdivision under the municipal government of the city of St. Louis; or, (2) to extend the territorial boundaries of the county so as to embrace the territory within the city and to reorganize and consolidate the county governments of the city and county, and adjust their relations as thus united, and thereafter the city may extend its limits in the manner provided by law for other cities; or, (3) to enlarge the present or future limits of the city by annexing thereto part of the territory of the county, and to confer upon the city exclusive jurisdiction of the territory so annexed to the city; or, (4) to establish a metropolitan district or districts for the functional administration of services common to the area included therein; or, (5) to formulate and adopt any other plan for the partial or complete government of all or any part of the city and the county. The power so given shall be exercised by the vote of the people of the city and county upon a plan prepared by a board of freeholders consisting of nineteen members, nine of whom shall be electors of the city and nine electors of the county and one an elector of some other county. Upon the filing with the officials in general charge of elections in the city of a petition proposing the exercise of the powers hereby granted, signed by registered voters of the city in such number as shall equal three percent of the total vote cast in the city at the last general election for governor, and the certification thereof by the election officials to the mayor, and to the governor, then, within ten days after the certification the mayor shall, with the approval of a majority of the board of aldermen, appoint the city's nine members of the board, not more than five of whom shall be members of or affiliated with the same political party. Each member so appointed shall be given a certificate certifying his appointment signed by the mayor and attested by the seal of the city. Upon the filing with the officials in general charge of elections in the county of a similar petition signed by registered voters of the county, in such number as shall equal three percent of the total vote cast in the county at the last general election for governor, and the certification thereof by the county election officials to the county supervisor of the county and to the governor, within ten days after the certification, the county supervisor shall, with the approval of a majority of the county council, appoint the county's nine members of the board, not more than five of whom shall be members of or affiliated with the same political

party. Each member so appointed shall be given a certificate of his appointment signed by the county supervisor and attested by the seal of the county.]

[Section 30(b). Upon certification of the filing of such similar petitions by the officials in general charge of elections of the city and the county, the governor shall appoint one member of the board who shall be a resident of the state, but shall not reside in either the city or the county, who shall be given a certificate of his appointment signed by the governor and attested by the seal of the state. The freeholders of the city and county shall fix reasonable compensation and expenses for the freeholder appointed by the governor and the cost shall be paid equally by the city and county. The appointment of the board shall be completed within thirty days after the certification of the filing of the petition, and at ten o'clock on the second Monday after their appointment the members of the board shall meet in the chamber of the board of aldermen in the city hall of the city and shall proceed with the discharge of their duties, and shall meet at such other times and places as shall be agreed upon. On the death, resignation or inability of any member of the board to serve, the appointing authority shall select the successor. The board shall prepare and propose a plan for the execution of the powers herein granted and for the adjustment of all matters and issues arising thereunder. The members of the board shall receive no compensation for their services as members, but the necessary expenses of the board shall be paid one-half by the county and one-half by the city on vouchers signed by the chairman of the board. The plan shall be signed in duplicate by the board or a majority thereof, and one copy shall be returned to the officials having general charge of elections in the city, and the other to such officials in the county, within one year after the appointment of the board. Said election officials shall cause separate elections to be held in the city and county, on the day fixed by the freeholders, at which the plan shall be submitted to the qualified voters of the city and county separately. The elections shall not be less than ninety days after the filing of the plan with said officials, and not on or within seventy days of any state or county primary or general election day in the city or county. The plan shall provide for the assessment and taxation of real estate in accordance with the use to which it is being put at the time of the assessment, whether agricultural, industrial or other use, giving due regard to the other provisions of this constitution. If a majority of the qualified electors of the city voting thereon, and a majority of the qualified electors of the county voting thereon at the separate elections shall vote for the plan, then, at such time as shall be prescribed therein, the same shall become the organic law of the territory therein defined, and shall take the place of and supersede all laws, charter provisions and ordinances inconsistent therewith relating to said territory. If the plan be adopted, copies thereof, certified to by said election officials of the city and county, shall be deposited in the office of the secretary of state and recorded in the office of the recorder of deeds for the city, and in the office of the recorder of deeds of the present county, and the courts of this state shall take judicial notice thereof.]

[Section 31. The city of St. Louis, as now existing, is recognized both as a city and as a county unless otherwise changed in accordance with the provisions of this constitution. As a city it shall continue for city purposes with its present charter, subject to changes and amendments provided by the constitution or by law, and with the powers, organization, rights and privileges permitted by this constitution or by law. As a county, it shall not be required to adopt a county charter but may, except for the office of circuit attorney, amend or revise its present charter to provide for the number, kinds, manner of selection, terms of office and salaries of its county officers, and for

the exercise of all powers and duties of counties and county officers prescribed by the constitution and laws of the state.]

[Section 32(a). The charter of the city of St. Louis now existing, or as hereafter amended or revised, may be amended or revised for city or county purposes from time to time by proposals therefor submitted by the lawmaking body of the city to the qualified voters thereof, at a general or special election held at least sixty days after the publication of such proposals, and accepted by three-fifths of the qualified electors voting for or against each of said amendments or revisions so submitted.]

[Section 32(b). In the event of any amendment or revision of the charter of the city of St. Louis which shall reorganize any county office and/or transfer any or all of the duties, powers and functions of any county officer who is then in office, the officer shall serve out the remainder of his or her term, and the amendment or revision of the charter of the city of St. Louis shall take effect, as to such office, upon the expiration of the term of such office holder. In the event of any amendment or revision of the charter of the city of St. Louis which shall reorganize any county office and/or transfer any or all of the duties, powers and functions of any county officer, all of the staff of such office shall be afforded the opportunity to become employees of the city of St. Louis with their individual seniority and compensation unaffected and on such other comparable terms and conditions as may be fair and equitable.]

[Section 32(c). An amendment or revision adopted pursuant to section 32(a) of this article shall not deprive any person of any right or privilege to retire and to retirement benefits, if any, to which he or she was entitled immediately prior to the effective date of that amendment or revision.]

[Section 33. Copies of any new or revised charter of the city of St. Louis or of any amendments to the present, or to any new or revised charter, with a certificate thereto appended, signed by the chief executive and authenticated by the seal of the city, setting forth the submission to and ratification thereof, by the qualified voters of the city shall be made in duplicate, one of which shall be deposited in the office of the secretary of state, and the other, after being recorded in the office of the recorder of deeds of the city, shall be deposited among the archives of the city, and thereafter all courts of this state shall take judicial notice thereof.]

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 18, 2019

RECEIVED
JAN 22 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Rik Combs regarding a proposed constitutional amendment to Article X (2020-038)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Rik Combs on January 18, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County_____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(OFFICIAL BALLOT TITLE)

RECEIVED
2019 JAN 18 PM 12:14

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,
COUNTY OF _____

I, _____ being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town, or Village)	Zip Code	Congr. Dist.	Name (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do _____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer:

_____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street Address of Affiant

_____ (Printed Name of Affiant)

_____ City, State, and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article X is amended by adding one new section to be known as Section 27, to read as follows:

Section 27. After the effective date of this section, the state, counties, and all other political subdivisions are hereby prohibited from imposing or collecting any tax on personal property other than sales tax which may be collected each time the property is purchased.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-038)

Subject

Initiative petition from Rik Combs regarding a proposed constitutional amendment to Article X. (Received January 22, 2019)

Date

February 11, 2019

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, State Tax Commission,** and **Missouri Joint Municipal Electric Utility Commission.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated other than the potential impact on the revenue stream of state and local governments (which their department has no means to calculate), this proposal does not impact their department.

Officials from the **Department of Higher Education** indicated they defer to the Office of Administration (OA) on this revenue proposal but see no direct cost for their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact to their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated initiative petition 20-038 adds Section 27 to Article X of the Missouri Constitution.

This proposed constitutional amendment would prohibit any state, county, or political subdivision from imposing or collecting tax on personal property, other than sales tax at the time of purchase and would impact the Department of Social Services (DSS) Blind Pension (BP) Program within the Family Support Division (FSD).

The BP Program fund would be impacted as all taxable property is assessed with BP funded at 0.03% of each $100 valuation.

According to the Missouri Department of Revenue State Tax Commission Annual Report 2017, $20,226,071,288 of the $107,634,108,198 Total Assessed Valuation for the State of Missouri comes from tangible personal property (TPP). Therefore, TPP comprises about 18.8% ($20,226,071,288/$107,634,108,198 = 18.79 rounded up) of total taxable property in Missouri. Because funding for BP program is based on a percentage of total taxable property, the FSD expects a decrease in program funding proportionate to the decrease in countable taxable property, or approximately 18.8%.

Property Tax income for the BP fund in SFY (state fiscal year) 2018 was $33,390,653, or approximately $33.4 million (rounded up). Based on the expected 18.8% decrease in funding, BP fund income will reduce by approximately $6.3 million ($33,390,653*18.8%, rounded up) to approximately $27.1 million ($33.4 million - $6.3 million). In SFY 2018, an average of 3,876 BP recipients received a cash grant from the BP fund. The BP cash grant amount for SFY 2019 is $750 per person per month. The FSD assumes that this amount will decrease by approximately $135 to $615 per month ($6.3 million/3,876/12 = $135. $750 - $135 = $615), or the additional amount needed for the BP fund will have to be funded by General Revenue or a designated revenue stream.

Therefore, the fiscal impact to the FSD is $6.3 million.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition would have an unknown fiscal impact on their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal would end property tax on tangible personal property. For the purpose of this fiscal note, Budget and Planning assumes that if this proposal were approved by voters at the November 2020 election, it

would end the property tax beginning January 1, 2021 and begin impacting revenues during Fiscal Year 2022.

Based on information provided by the State Tax Commission, Budget and Planning estimates that from 2013-2017 the average total assessed value of taxable personal property within Missouri was $20.153 billion. Budget and Planning notes that the Blind Pension Fund receives $0.03 per $100 valuation on all taxable property. Therefore, Budget and Planning estimates that if personal property were no longer taxable, revenues to the Blind Pension Fund would decrease by $6.0 million annually ($20.153 billion x $0.03/$100), beginning in Fiscal Year 2022.

It should be noted that this proposal could have a significant negative impact to local revenues in counties dependent on property taxes.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there may be some impact on the courts but there is no way to quantify that currently.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY (fiscal year) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over $5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of

their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Secretary of State's office - State Library** indicated this initiative petition affects public library districts.

Missouri public libraries reported to the State Library via the Public Library Survey, income from local taxes of $239,826,149 in 2017. The Missouri State Tax Commission web page indicates that 11.81% of property taxes derive from the personal property tax on motor vehicles, while 6.36% comes from other personal property taxes income. That means approximately 18%, or an estimated $43,168,707 of library local income comes from the tax on personal property. https://stc.mo.gov/

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact to their office.

Officials from **Greene County** indicated there are estimated costs to County of Greene for initiative petition, 20-038 proposing to amend Article X.

With the removal of personal property tax the following funds would lose approximately the following amounts annually.

Greene County General Revenue	-	$1.2 million approximately
Greene County Road and Bridge	-	$1.2 million approximately
Greene Senior Citizens' Service Fund	-	$460,000 thousand approximately

It is also important to add that a reduction in the diversity of the County's revenue sources would be a factor used by outside rating agencies like Moody's when rating the credit worthiness of Greene County to meet payment obligations to investors.

With the potential to receive a lower bond rating it is possible that funds available for services could be reduced due to increased future bond interest rates.

Officials from **Jackson County** indicated the estimated loss in revenue that would result from this proposed constitutional change if enacted would be the following:

Jackson County – more than $10,000,000 annually
All other taxing jurisdictions in Jackson County – more than $163,000,000 annually

Officials from the **City of Kansas City** indicated this amendment will have a negative fiscal impact on their city, of at least approximately $25.7 million.

Officials from the **City of St. Louis** indicated passage of this legislation would have very negative consequences for their city's revenue collection. Based on 2018 tax rates and assessed personal property values, their city would lose approximately $16.2 million in revenue annually. In addition, their city's Assessment Fund and Collector of Revenue would lose a combined $2.3 million in revenue annually.

Officials from the **Wellsville-Middletown R-1 School District** indicated unless there is a substantial overhaul of the state's tax structure or unless local communities are willing to increase their local levies, this potential amendment will have a substantial negative fiscal impact on local school districts.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from the **State Tax Commission** indicated the proposed constitutional amendment to Article X (2020-038) would eliminate taxation on personal property, the State Tax Commission provides the following fiscal impact:

Total Personal Property Tax 2017

1. $897 million motor vehicles
2. $483 million other personal property
3. $72 million state assessed

TOTAL $1.452 Billion

The proposed constitutional amendment eliminates the collection of personal property taxes, this would result in the loss of $1.3 to $1.5 billion to political subdivisions (school districts, cities, counties, and other taxing jurisdictions). The State has over 2800 taxing jurisdictions which would realize a negative fiscal impact of $1.3 to $1.5 billion in annual revenue.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Metropolitan Community College, University of Missouri, St. Louis Community College,** and **Missouri Joint Municipal Electric Utility Commission.**

Fiscal Note Summary

State and local governmental entities estimate reduced tax revenues ranging from $1.3 billion to $1.5 billion annually.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 11, 2019

RECEIVED
JAN 11 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Carlton McRoberts regarding a proposed constitutional amendment. (2020-037)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Carlton McRoberts on January 11, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

Constitutional Amendment 5 Article Miranda Rights Congressional District 2

The Proposed Amendment

Be it resolved by the people of the state of Missouri that the Constitution be amended

RECEIVED
2019 JAN 11 AM 8:12

Congressional District 2 Miranda Rights of the Constitution of Missouri is amended by adding a 5th statement. The existing Congressional District 2 Miranda Rights is set forth hereinafter with new matter underlined.

Congressional District 2 Miranda Rights-Local Police

1. You the right to remain silent
2. Anything you say can and will be used against you in a court of law
3. You have the right to an attorney
4. If you cannot afford an attorney, one will be appointed for you
5. Females only, you have the right to covered with a shirt

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 10, 2019

RECEIVED
JAN 10 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Carlton McRoberts regarding a proposed constitutional amendment. (2020-036)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Carlton McRoberts on January 10, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

Constitutional Amendment 5 Article Miranda Rights

The Proposed Amendment

Be it resolved by the people of the State of Missouri that the Constitution be amended:

Miranda Rights of the Constitution of Missouri is amended by adding a 5th statement. The existing Miranda Rights is set forth hereinafter with new matter underlined.

RECEIVED
2019 JAN 10 AM 9:25

Miranda Rights-Local Police

1. You have the right to remain silent.
2. Anything you say can and will be used against you in a court of law.
3. You have the right to an attorney.
4. If you cannot afford an attorney, one will be appointed for you.
5. Females only, you have the right to be covered with a shirt.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 8, 2019

RECEIVED
JAN 08 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article III, version 2 (2020-035)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on January 8, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

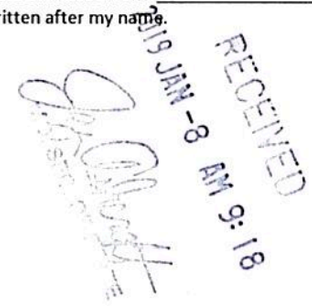
It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]



CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article III of the Constitution is revised by repealing Section 14 and amending Sections 3, 5, 6, 7, 9, 10 and 11, to read as follows:

Section 3.

[(a) There is hereby established the post of "non-partisan state demographer." The non-partisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing legislative redistricting maps on the basis of each federal census for presentation to the house apportionment commission and the senatorial apportionment commission.

(b) The non-partisan state demographer shall be selected through the following process. First, state residents may apply for selection to the state auditor using an application developed by the state auditor to determine an applicant's qualifications and expertise relevant to the position. Second, the state auditor shall deliver to the majority leader and minority leader of the senate a list of at least three applicants with sufficient expertise and qualifications, as determined by the state auditor, to perform the duties of the non-partisan state demographer. Third, if the majority leader and minority leader of the senate together agree that a specific applicant should be selected to be the non-partisan state demographer, that applicant shall be selected and the selection process shall cease. Fourth, if the majority leader and minority leader of the senate cannot together agree on an applicant, they may each remove a number of applicants on the state auditor's list equal to one-third of the total number of applicants on that list, rounded down to the next integer, and the state auditor shall then conduct a random lottery of the applicants remaining after removal to select the non-partisan state demographer. The state auditor shall prescribe a time frame and deadlines for this application and selection process that both encourages numerous qualified applicants and avoids delay in selection. The non-partisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the non-partisan state demographer position an individual shall not have served in a partisan, elected position for four years prior to the appointment. The non-partisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent legislative redistricting map to the house apportionment commission or the senatorial apportionment commission.]

[(c)] The house of representatives shall consist of [one hundred sixty-three] ten members from each congressional district elected at each general election [and apportioned as provided in this section] for a term of two years.

[(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer shall begin the preparation of legislative districting plans and maps using the following methods, listed in order of priority:

(a) Districts shall be established on the basis of total population. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census.

(b) Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be designed in a manner that achieves both partisan fairness and, secondarily, competitiveness. Partisan fairness means that parties shall be able to translate their popular support into legislative representation with approximately equal efficiency. Competitiveness means that parties' legislative representation shall be substantially and similarly responsive to shifts in the electorate's preferences.

To this end, the non-partisan state demographer shall calculate the average electoral performance of the two parties receiving the most votes in the three preceding elections for governor, for United States Senate, and for President of the United States. This index shall be defined as the total votes received by each party in the three preceding elections for governor, for United States Senate, and for President of the United States, divided by the total votes cast for both parties in these elections. Using this index, the non-partisan state demographer shall calculate the total number of wasted votes for each party, summing across all of the districts in the plan. Wasted votes are votes cast for a losing candidate or for a winning candidate in excess of the fifty percent threshold needed for victory. In any plan of apportionment and map of the proposed districts submitted to the respective apportionment commission, the non-partisan state demographer shall ensure the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

To promote competitiveness, the non-partisan state demographer shall use the electoral performance index to simulate elections in which the hypothetical statewide vote shifts by one percent, two percent, three percent, four percent, and five percent in favor of each party. The vote in each individual district shall be assumed to shift by the same amount as the statewide vote. The non-partisan state demographer shall ensure that, in each of these simulated elections, the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

(c) Subject to the requirements of subdivisions (1)(a) and (1)(b), Districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous.

(d) To the extent consistent with subdivisions (1)(a) – (1)(c) of this subsection, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county.

(e) Preference shall be that districts are compact in form, but the standards established by subdivisions (1)(a) – (1)(d) of this subsection take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days [after notification by the governor] that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected

members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary[and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non- 2 partisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.]

Section 5. The Senate shall consist of thirty-four members elected by the qualified voters of the [senatorial districts] state of Missouri for a term of four years. [Senatorial districts shall be apportioned as provided for in Article III, Section 7.]

Section 6. Each senator shall be thirty years of age, and next before the day of his election shall have been a qualified voter and a resident of the state for three years [and a resident of the district which he is chosen to represent for one year, if such district shall have been so long established, and if not, then of the district or districts from which the same shall have been taken].

Section 7.

[(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer authorized in Article III Section 3, shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the House of Representatives.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, or within sixty days after a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by this subsection, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the

tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this Section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the House of Representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.]

(a) An ordered list of candidates, ranked by number of votes received, from most to least, from each political party that is to appear on the ballot for both the senate and the house of representatives in each general election will be determined by means of a primary election, with each party electing a number of candidates up to, but not exceeding, the number of representatives to be elected from a congressional district, and the number of senators to be elected state-wide. All qualified candidates who file for each party's nomination will appear on the primary ballot for that party. Registered voters will be allowed to vote in one, and only one, party's primary election, and will cast a single vote for a single candidate to be nominated from that party for each office to be elected in the general election to follow.

(b) A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the house in each congressional district by presenting petitions signed by one-half of one per cent of the legal voters in that congressional district. An independent candidate may qualify for a place on the ballot in a congressional district by presenting petitions signed by one-fifth of one percent of the legal voters in that congressional district. A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the senate by presenting petitions signed by one-half of one per cent of the legal voters in the state of Missouri. An independent candidate may qualify for a place on the ballot for the senate by presenting petitions signed by one-fifth of one percent of the legal voters in the state of Missouri. The number of "legal voters" is equal to, and determined by, the total vote for governor in the general election last preceding. Said petitions are to be delivered to the secretary of state no later than ninety days preceding the general election. At the time the petitions are presented, the political party will also notify the secretary of state of the method to be used by said party in nominating a slate of candidates.

(c) The signatures on petitions submitted by independent candidates and political parties shall be subject to verification according to the procedures in the code of state regulations for independent candidate petitions in force at the time the petitions are submitted.

(d) In each general election, each voter will cast a single vote for the election of representatives and a single vote for the election of senators, in each case voting for the ordered list of a political party, or for a single independent candidate appearing on the ballot, or for a single write-in vote for a candidate not appearing on the ballot, having properly registered with the secretary of state as a write-in candidate.

(e) To determine how many candidates in the house of representatives and the senate will be elected from each political party and which independent or write-in candidates will be elected (if any), the total number of valid votes cast for all parties and independent candidates will be divided by the number of seats to be elected to the house of representatives or to the senate. The resulting number will then be rounded to the nearest whole number. The total number of votes cast for each party or independent or write-in candidate will then be divided by that number and that number of candidates from each party is elected, with any remaining votes for each party above the number needed to elect that many candidates calculated as "surplus votes" for that party. Any independent candidate or valid write-in candidate receiving at least the number of votes needed for a seat is elected. The votes for any party or independent candidate falling short of the number needed to be elected are also treated as surplus votes.

(f) A political party or independent candidate having surplus votes, but not having enough surplus votes to win an additional seat, or a seat, may have those surplus votes transferred to another political party or independent candidate by notifying the Secretary of State in writing at least fourteen days before the date of the general election, specifying the political party or independent candidate that is to receive their surplus votes, under these conditions.

(g) The number of candidates thus elected is calculated and subtracted from the total number of candidates to be elected. If additional candidates remain to be elected, the highest ordered remaining candidate from a party list, or independent candidate with the highest number of surplus votes, is elected. The number of surplus votes required to be elected is then deducted from that party's total votes and the process repeated until the requisite number of candidates has been elected.

(h) In both primary and general elections, officials shall determine a random selection algorithm, prior to tabulation, to resolve ties between candidates. If a tie occurs at any point in the tabulation procedure and tabulation cannot proceed until the tie is resolved, then the random selection algorithm shall resolve the tie.

(i) If a senator or representative resigns, dies, or is removed from office for any reason during the subsequent legislative sessions, the seat shall be filled by the next candidate from her or his party's ordered list, or in the case of an independent candidate, the candidate who would have been elected had there been one more member elected using the prescribed method for tabulating votes.

Section 9. Until the convening of the Seventy-fourth General Assembly the House of Representatives shall consist of one hundred sixty-three members elected from the one hundred sixty-three representative districts, as they existed January 1, 1965. Beginning with the election of representatives in the primary and general elections to be held in the year two thousand and twenty-two the House of Representatives shall consist of ten members elected from each congressional district. In the event that members of congress from Missouri are elected at large, congressional district boundaries will still be drawn and used in the election of members of the Missouri House of Representatives.

Section 10. [The last decennial census of the United States shall be used in apportioning representatives and determining the population of senatorial and representative districts. Such districts may be altered from time to time as public convenience may require.] If any provision of sections 3, 5, 6, 7, 9, 10 or 11, or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

Section 11. The first election of senators and representatives under this constitution, shall be held at the general election in the year one thousand nine hundred and forty-six when the whole number of representatives and the senators from the districts having even numbers, who shall compose the first class, shall be elected, and two years thereafter the whole number of representatives and the senators from districts having odd numbers, who shall compose the second class, shall be elected, and so on at each succeeding general election. Beginning with the primary and general elections to be held in the year two thousand and twenty-two senators will continue to be divided into two classes, with senators from each class, as the term of that class expires, to be elected at large on a state-wide basis.

[Section 14. Writs of election to fill vacancies in either house of the general assembly shall be issued by the governor.]

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
JAN 08 2019
STATE AUDITORS OFFICE

January 8, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article III, version 1 (2020-034)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on January 8, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric S. Schmitt
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 JAN -8 AM 9:17

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article III of the Constitution is revised by repealing Section 14 and amending Sections 3, 4, 5, 6, 7, 9, 10 and 11, to read as follows:

Section 3.

(a) There is hereby established the post of "non-partisan state demographer." After each decennial census, or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction of the United States, it shall be the duty of the non-partisan state demographer to assist the governor in his or her duty to lay off the state into as many districts as shall be equal to the number of representatives to which this state shall then be entitled. The non-partisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing [legislative] congressional redistricting maps on the basis of each federal census for presentation to the [house apportionment commission and the senatorial apportionment commission] governor for his or her approval. In the event the governor and the non-partisan state demographer do not concur with regard to how the districts should be laid off, the plans of both the governor and the non-partisan state demographer shall be subject to a referendum, with the voters of the state choosing between the plans.

(b) The non-partisan state demographer shall be selected through the following process. First, state residents may apply for selection to the state auditor using an application developed by the state auditor to determine an applicant's qualifications and expertise relevant to the position. Second, the state auditor shall deliver to the majority leader and minority leader of the senate a list of at least three applicants with sufficient expertise and qualifications, as determined by the state auditor, to perform the duties of the non-partisan state demographer. Third, if the majority leader and minority leader of the senate together agree that a specific applicant should be selected to be the non-partisan state demographer, that applicant shall be selected and the selection process shall cease. Fourth, if the majority leader and minority leader of the senate cannot together agree on an applicant, they may each remove a number of applicants on the state auditor's list equal to one-third of the total number of applicants on that list, rounded down to the next integer, and the state auditor shall then conduct a random lottery of the applicants remaining after removal to select the non-partisan state demographer. The state auditor shall prescribe a time frame and deadlines for this application and selection process that both encourages numerous qualified applicants and avoids delay in selection. The non-partisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the non-partisan state demographer position an individual shall not have served in a partisan, elected position for four years prior to the appointment. The non-partisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent [legislative] congressional redistricting map to the [house] congressional apportionment commission [or the senatorial apportionment commission].

[(c) The house of representatives shall consist of one hundred sixty-three members elected at each general election and apportioned as provided in this section.]

([1]c) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer shall begin the preparation of [legislative] congressional districting plans and maps using the following methods, listed in order of priority:

([a]1) Districts shall be established on the basis of total population. [Legislative] Congressional districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census.

([b]2) Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be designed in a manner that achieves both partisan fairness and, secondarily, competitiveness. Partisan fairness means that parties shall be able to translate their popular support into legislative representation with approximately equal efficiency. Competitiveness means that parties' legislative representation shall be substantially and similarly responsive to shifts in the electorate's preferences.

To this end, the non-partisan state demographer shall calculate the average electoral performance of the two parties receiving the most votes in the three preceding elections for governor, for United States Senate, and for President of the United States. This index shall be defined as the total votes received by each party in the three preceding elections for governor, for United States Senate, and for President of the United States, divided by the total votes cast for both parties in these elections. Using this index, the non-partisan state demographer shall calculate the total number of wasted votes for each party, summing across all of the districts in the plan. Wasted votes are votes cast for a losing candidate or for a winning candidate in excess of the fifty percent threshold needed for victory. In any plan of apportionment and map of the proposed districts submitted to the respective apportionment commission, the non-partisan state demographer shall ensure the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

To promote competitiveness, the non-partisan state demographer shall use the electoral performance index to simulate elections in which the hypothetical statewide vote shifts by one percent, two percent, three percent, four percent, and five percent in favor of each party. The vote in each individual district shall be assumed to shift by the same amount as the statewide vote. The non-partisan state demographer shall ensure that, in each of these simulated elections, the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

([c]3) Subject to the requirements of subdivisions (1)(a) and (1)(b), Districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous.

([d]4) To the extent consistent with subdivisions (1)(a) – (1)(c) of this subsection, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county.

([e]5) Preference shall be that districts are compact in form, but the standards established by subdivisions (1)(a) – (1)(d) of this subsection take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.

[(2). Within sixty days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for

governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non- 2 partisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.]

Section 4. <u>The house of representatives shall consist of ten members from each congressional district elected at each general election.</u> Each representative shall be twenty-four years of age, and next before the day of his election shall have been a qualified voter for two years and a resident of the county or district which he is chosen to represent for one year, if such county or district shall have been so long established, and if not, then of the county or district from which the same shall have been taken.

Section 5. The Senate shall consist of thirty-four members elected by the qualified voters of the [senatorial districts] <u>state of Missouri</u> for a term of four years. [Senatorial districts shall be apportioned as provided for in Article III, Section 7.]

Section 6. Each senator shall be thirty years of age, and next before the day of his election shall have been a qualified voter <u>and a resident</u> of the state for three years [and a resident of the district which he is chosen to represent for one year, if such district shall have been so long established, and if not, then of the district or districts from which the same shall have been taken].

Section 7.

[(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer authorized in Article III Section 3, shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the House of Representatives.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, [and] or within sixty days after [notification by the governor that] a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by this subsection, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this Section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the House of Representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.]

(a) An ordered list of candidates, ranked by number of votes received, from most to least, from each political party that is to appear on the ballot for both the senate and the house of representatives in each general election will be determined by means of a primary election, with each party electing a number of candidates up to, but not exceeding, the number of representatives to be elected from a congressional district, and senators to be elected state-wide. All qualified candidates who file for each party's nomination will appear on the primary ballot for that party. Registered voters will be allowed to vote in one, and only one, party's primary election, and will cast a single vote for a single candidate to be nominated from that party for each office to be elected in the general election to follow.

(b) A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the house in each congressional district by presenting petitions signed by one-half of one per cent of the legal voters in that congressional district. An independent candidate may qualify for a place on the ballot in a congressional district by presenting petitions signed by one-fifth of one percent of the legal voters in that congressional district. A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the senate by presenting petitions signed by one-half of one per cent of the legal voters in the state of Missouri. An independent candidate may qualify for a place on the ballot for the senate by presenting petitions signed by one-fifth of one percent of the legal voters in the state of Missouri. The number of "legal voters" is equal to, and determined by, the total vote for governor in the general election last preceding. Said petitions are to be delivered to the secretary of state no later than ninety days preceding the general election. At the time the petitions are presented, the political party will also notify the secretary of state of the method to be used by said party in nominating a slate of candidates.

(c) The signatures on petitions submitted by independent candidates and political parties shall be subject to verification according to the procedures in the code of state regulations for independent candidate petitions in force at the time the petitions are submitted.

(d) In each general election, each voter will cast a single vote for the election of representatives and a single vote for the election of senators, in each case voting for the ordered list of a political party, or for a single independent candidate appearing on the ballot, or for a single write-in vote for a candidate not appearing on the ballot, having properly registered with the secretary of state as a write-in candidate.

(e) To determine how many candidates in the house of representatives and the senate will be elected from each political party and which independent or write-in candidates will be elected (if any), the total number of valid votes cast for all parties and independent candidates will be divided by the number of seats to be elected to the house of representatives or to the senate. The resulting number will then be rounded to the nearest whole number. The total number of votes cast for each party or independent or write-in candidate will then be divided by that number and that number of candidates from each party is elected, with any remaining votes for each party above the number needed to elect that many candidates calculated as "surplus votes" for that party. Any independent candidate or valid write-in candidate receiving at least the number of votes needed for a seat is elected. The votes for any party or independent candidate falling short of the number needed to be elected are also treated as surplus votes.

(f) A political party or independent candidate having surplus votes, but not having enough surplus votes to win an additional seat, or a seat, may have those surplus votes transferred to another political party or independent candidate by notifying the Secretary of State in writing at least fourteen days before the date of the general election, specifying the political party or independent candidate that is to receive their surplus votes, under these conditions.

(g) The number of candidates thus elected is calculated and subtracted from the total number of candidates to be elected. If additional candidates remain to be elected, the highest ordered remaining candidate from a party list, or independent candidate with the highest number of surplus votes, is elected. The number of surplus votes required to be elected is then deducted from that party's total votes and the process repeated until the requisite number of candidates has been elected.

(h) In both primary and general elections, officials shall determine a random selection algorithm, prior to tabulation, to resolve ties between candidates. If a tie occurs at any point in the tabulation procedure and tabulation cannot proceed until the tie is resolved, then the random selection algorithm shall resolve the tie.

(i) If a senator or representative resigns, dies, or is removed from office for any reason during the subsequent legislative sessions, the seat shall be filled by the next candidate from her or his party's ordered list, or in the case of an independent candidate, the candidate who would have been elected had there been one more member elected using the prescribed method for tabulating votes.

Section 9. Until the convening of the Seventy-fourth General Assembly the House of Representatives shall consist of one hundred sixty-three members elected from the one hundred sixty-three representative districts, as they existed January 1, 1965. Beginning with the election of representatives in the primary and general elections to be held in the year two thousand and twenty-two the House of Representatives shall consist of ten members elected from each congressional district. In the event that members of congress from Missouri are elected at large, congressional district boundaries will still be drawn and used in the election of members of the Missouri House of Representatives.

Section 10. [The last decennial census of the United States shall be used in apportioning representatives and determining the population of senatorial and representative districts. Such districts may be altered from time to time as public convenience may require.] If any provision of sections 3, 4, 5, 6, 7, 9, 10 or 11, or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

Section 11. The first election of senators and representatives under this constitution, shall be held at the general election in the year one thousand nine hundred and forty-six when the whole number of representatives and the senators from the districts having even numbers, who shall compose the first class, shall be elected, and two years thereafter the whole number of representatives and the senators from districts having odd numbers, who shall compose the second class, shall be elected, and so on at each succeeding general election. Beginning with the primary and general elections to be held in the year two thousand and twenty-two senators will continue to be divided into two classes, with senators from each class, as the term of that class expires, to be elected at large on a state-wide basis.

[Section 14. Writs of election to fill vacancies in either house of the general assembly shall be issued by the governor.]

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 7, 2019

RECEIVED
JAN 07 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Shetova Hayes regarding a proposed statutory amendment to Chapter 558 (2020-033)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Shetova Hayes on January 7, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric Schmitt
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3th day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(OFFICIAL BALLOT TITLE)

RECEIVED
2019 JAN -7 AM 9:16
SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I _____, being first duly sworn, say

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
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49.	/ /					
50.	/ /					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____

Signature of Affiant

_____

Printed Name of Affiant

_____

_____

Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____

Signature of Notary

_____

_____

Address of Notary

Notary Public (Seal)

My commission expires _____

PROPOSED MEASURE

Be it enacted by the *people of the state of Missouri:*

Section 558.019, RSMo, subsection 3 would be repealed. In lieu of it a new subsection relating to prison commitment terms for first-time dangerous felony offenders and offenders with multiple convictions of dangerous felonies. The current law reads as follows (with the matter to be deleted in [brackets], and the new matter shown underlined):

§ 558.019 R.S.Mo. (2017)

§ 558.019. Prior felony convictions, minimum prison terms -- prison commitment defined -- dangerous felony, minimum term prison term, how calculated -- sentencing commission created, members, duties -- expenses -- cooperation with commission -- restorative justice methods -- restitution fund

1. This section shall not be construed to affect the powers of the governor under article IV, section 7, of the Missouri Constitution. This statute shall not affect those provisions of section 565.020, section 566.125, or section 571.015, which set minimum terms of sentences, or the provisions of section 559.115, relating to probation.

2. The provisions of subsections 2 to 5 of this section shall be applicable to all classes of felonies except those set forth in chapter 579, or in chapter 195 prior to January 1, 2017, and those otherwise excluded in subsection 1 of this section. For the purposes of this section, "prison commitment" means and is the receipt by the department of corrections of an offender after sentencing. For purposes of this section, prior prison commitments to the department of corrections shall not include an offenders first incarceration prior to release on probation under section 217.362 or an offenders incarceration prior to release on probation under section 559.115. Other provisions of the law to the contrary notwithstanding, any offender who has been found guilty of a felony other than a dangerous felony as defined in section 556.061 and is committed to the department of corrections shall be required to serve the following minimum prison terms:

(1) If the offender has one previous prison commitment to the department of corrections for a felony offense, the minimum prison term which the offender must serve shall be forty percent of his or her sentence or until the offender attains seventy years of age, and has served at least thirty percent of the sentence imposed, whichever occurs first;

(2) If the offender has two previous prison commitments to the department of corrections for felonies unrelated to the present offense, the minimum prison term which the offender must serve shall be fifty percent of his or her sentence or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first;

(3) If the offender has three or more previous prison commitments to the department of corrections for felonies unrelated to the present offense, the minimum prison term which the offender must serve shall be eighty percent of his or her sentence or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first.

[3. Other provisions of the law to the contrary notwithstanding, any offender who has been found guilty of a dangerous felony as defined in section 556.061 and is committed to the department of corrections shall be required to serve a minimum prison term of eighty-five percent of the sentence imposed by the court or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first.]

3. Other provisions of the law to the contrary notwithstanding, any offender who has more than once been found guilty of a dangerous felony as defined in section 556.061 and is committed to the department of corrections shall be required to serve a minimum prison term of eighty-five percent of the sentence imposed by the court or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first.:

(1) If the offender has one previous prison commitment to the department of corrections for a dangerous felony offense, the minimum prison term which the offender must serve shall be fifty percent of their sentence or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first. If the offender has maintained the best possible institutional score for the year prior to their scheduled parole hearing date, then parole shall be granted. If parole is denied, a hearing shall be scheduled every two years until the offender is paroled. The first-time conviction exception of this subsection shall be applicable to all dangerous felonies occurring on or after August 28, 1994.

4. For the purpose of determining the minimum prison term to be served, the following calculations shall apply:

(1) A sentence of life shall be calculated to be thirty years;

(2) Any sentence either alone or in the aggregate with other consecutive sentences for offenses committed at or near the same time which is over seventy-five years shall be calculated to be seventy-five years.

5. For purposes of this section, the term "minimum prison term" shall mean time required to be served by the offender before he or she is eligible for parole, conditional release or other early release by the department of corrections.

6. (1) A sentencing advisory commission is hereby created to consist of eleven members. One member shall be appointed by the speaker of the house. One member shall be appointed by the president pro tem of the senate. One member shall be the director of the department of corrections. Six members shall be appointed by and serve at the pleasure of the governor from among the following: the public defender commission; private citizens; a private member of *the* Missouri Bar; the board of probation and parole; and a prosecutor. Two members shall be appointed by the supreme court, one from a metropolitan area and one from a rural area. All members shall be appointed to a four-year term. All members of the sentencing commission appointed prior to August 28, 1994, shall continue to serve on the sentencing advisory commission at the pleasure of the governor.

(2) The commission shall study sentencing practices in the circuit courts throughout the state for the purpose of determining whether and to what extent disparities exist among the various circuit courts with respect to the length of sentences imposed and the use of probation for offenders convicted of the same or similar offenses and with similar criminal histories. The commission shall also study and examine whether and to what extent sentencing disparity among economic and social classes exists in relation to the sentence of death and if so, *the* reasons therefor, if sentences are comparable to other states, if the length of the sentence is appropriate, and the rate of rehabilitation based on sentence. It shall compile statistics, examine cases, draw conclusions, and perform other duties relevant to the research and investigation of disparities in death penalty sentencing among economic and social classes.

(3) The commission shall study alternative sentences, prison work programs, work release, home-based incarceration, probation and parole options, and any other programs and report the feasibility of these options in Missouri.

(4) The governor shall select a chairperson who shall call meetings of the commission as required or permitted pursuant to the purpose of the sentencing commission.

(5) The members of the commission shall not receive compensation for their duties on the commission, but shall be reimbursed for actual and necessary expenses incurred in the performance of these duties and for which they are not reimbursed by reason of their other paid positions.

(6) The circuit and associate circuit courts of this state, the office of the state courts administrator, the department of public safety, and the department of corrections shall cooperate with the commission by providing information or access to information needed by the commission. The office of the state court administrator will provide needed staffing resources.

7. Courts shall retain discretion to lower or exceed the sentence recommended by the commission as otherwise allowable by law, and to order restorative justice methods, when applicable.

8. If the imposition or execution of a sentence is suspended, the court may order any or all of the following restorative justice methods, or any other method that the court finds just or appropriate:

(1) Restitution to any victim or a statutorily created fund for costs incurred as a result of the offender's actions;

(2) Offender treatment programs;

(3) Mandatory community service;

(4) Work release programs in local facilities; and

(5) Community-based residential and nonresidential programs.

9. The provisions of this section shall apply only to offenses occurring on or after August 28, 2003.

10. Pursuant to subdivision (1) of subsection 8 of this section, the court may order the assessment and payment of a designated amount of restitution to a county law enforcement restitution fund established by the county commission pursuant to section 50.565. Such contribution shall not exceed three hundred dollars for any charged offense. Any restitution moneys deposited into the county law enforcement restitution fund pursuant to this section shall only be expended pursuant to the provisions of section 50.565.

11. A judge may order payment to a restitution fund only if such fund had been created by ordinance or resolution of a county of the state of Missouri prior to sentencing. A judge shall not have any direct supervisory authority or administrative control over any fund to which the judge is ordering a person to make payment.

12. A person who fails to make a payment to a county law enforcement restitution fund may not have his or her probation revoked solely for failing to make such payment unless the judge, after evidentiary hearing, makes a finding supported by a preponderance of the evidence that the person either willfully refused to make the payment or that the person willfully, intentionally, and purposefully failed to make sufficient bona fide efforts to acquire the resources to pay.

13. Nothing in this section shall be construed to allow the sentencing advisory commission to issue recommended sentences in specific cases pending in the courts of this state.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 7, 2019

RECEIVED
JAN 07 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article III (2020-032)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on January 7, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric Schmitt
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official ballot Title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street, No PO Box) (City, Town orVillage)		ZIP CODE	CONG. DIST	NAME (Print or Typed)
1						
2						
3						
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of ....., A.D.....

.....
Signature of Notary

Notary Public (Seal)
My commission expires.....

.....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends Article III section 50 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.
Section 50. Initiative petitions proposing amendments to the constitution shall be signed by eight percent of the legal voters in each of two-thirds of the congressional districts in the state, and petitions proposing laws shall be signed by five percent of such voters. Every such petition shall be filed with the secretary of state not less than six months before the election and shall contain an enacting clause and the full text of the measure. Petitions for constitutional amendments shall not contain more than one amended and revised article of this constitution, or one new article which shall not contain more than one subject and matters properly connected therewith, and the enacting clause thereof shall be "Be it resolved by the people of the state of Missouri that the Constitution be amended:". Petitions for laws shall contain not more than one subject which shall be expressed clearly in the title, and the enacting clause thereof shall be "Be it enacted by the people of the state of Missouri:". A petition may be filed following a November election and no filing fee shall be imposed. Any adult 18 years old or older may collect signatures for any petition approved for circulation. A petitioner may volunteer or be paid. An employer may pay per signature, by the hour, or any way agreed to. Changes to election laws are prohibited without voter approval. The Secretary of State shall host and maintain a web based system for the purpose of providing voters the option to sign petitions electronically. The office of the Secretary of State shall provide a verified voter with a unique identification number and collect identical information as required by existing initiative petition law. The electronic signature process is in addition to existing signature requirements and allows an individual to choose between the electronic signature or personally signing a hard copy of the petition. Voters shall have the option of receiving a confirmation text, confirmation email, or any electronic message within the capacity of Secretary of State or a postcard confirming the electronic signature. Voters are also provided a 20 day period to respond with any corrections or objections to the electronic signature.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-032)

Subject

Initiative petition from Damien Johnson regarding a proposed constitutional amendment to Article III. (Received January 7, 2019)

Date

January 28, 2019

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact relating to electronic signatures of initiative petitions.

Officials from the **Department of Elementary and Secondary Education** indicated no cost to their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated:

This proposal amends Article III, Section 50 of the MO Constitution with the following:

- Prohibits filing fees for initiative petitions and allows them to be filed following a November election.
- Allows any adult over age 18 to collect signatures as a volunteer or paid staff.
- Prohibits changes to election laws without voter approval.
- Requires the Secretary of State to provide verified voters a unique identification number and collect identical information; host and maintain a web based system to provide an option for voters to sign petitions electronically; provide voters confirmation of electronic signatures; and provide a 20 day time period for the voter to respond with any corrections or objections to the electronic signature.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated:

Petition 2020-032 would require their office to develop a web page to allow electronic signature of initiative and referendum petitions. The Information Technology Division estimates the labor costs for this project at $238,767.96. The Elections Division would require an additional FTE to process the queue of electronic signatures at an initial salary of $38,148 beginning in FY (fiscal year) 2021.

This proposed amendment would also require their office to contact each voter within 20 days of receipt of an electronic petition signature. The proposal does authorize electronic methods such as e-mail or text messages to be used. However, currently the only contact information collected in the initiative petition process is the individual's registered voting address. This leaves a physical mailing to each voter utilizing an electronic signature as the only feasible option. While they cannot determine the specific number of voters that will utilize the electronic system, they can determine an estimate based on the petitions received in the 2018 cycle.

For the 2018 cycle, their office processed signatures for five initiative petitions, with the largest petition having approximately 423,024 signatures checked by local election authorities. If five petitions with that number of signatures on each are received in one petition cycle, that number would total up to 2,115,120 signatures for the cycle, any or all of which could be submitted electronically. Assuming a going rate of postage and processing at $0.35 per postcard, a reasonable estimated cost of mailing could equal up to $740,292.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over 5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would have no fiscal impact upon their office.

Officials from **Adair County** indicated they find no known impact.

Officials from **Greene County** indicated:

There are many factors and/or variables that are unknown as to the additional costs that the language of this amendment would add to the signature verification cost during the course of a fiscal year. For this reason it was determined that the best reference point to attain an estimated cost is the data from the 2018 initiative petition signature verification process.

The total cost for the 2018 initiative petition signature verification process as indicated in the spreadsheets below is $57,051.22. There were a total of 136,149 signatures checked. The rounded cost per signature for the 2018 initiative petition signature verification process was 42 cents per signature.

The future is unknown, but based on the signatures verified in 2018; we estimate conservatively that the office will verify a minimum of 100,000 signatures in 2020 through the initiative petition process. We estimate conservatively that approximately 20,000 voters out of the 100,000 signatures will request a confirmation text, email or postcard if this amendment is passed into law.

The postcards will be purchased in advance to ensure a reduction in printing costs due to volume. A minimum of 50,000 postcards at an estimated 5.8 cents a postcard would be purchased for a total cost of $2,900. In addition, the unique printing identifier information cost for the postcard is estimated to be 3.7 cents a postcard and so it will cost $740.00 if 20,000 postcards are mailed. Postage for the postcards is currently at 47 cents a postcard. Assuming postage costs do not increase by 2022 and 20,000 postcards are mailed at 47 cents a postcard, the cost would be $9,400.00. The estimated total costs for 20,000 postcards being mailed is $13,040.

To send a text message it will cost approximately 7.5 cents a text. If 20,000 text messages are sent to each voter who requests a text, the current estimated cost would be $1,500.

As stated earlier, it is hard to anticipate how many voters who sign a petition would request a confirmation text, email or postcard if this amendment is passed into law. If all costs remain the same prior to the signature verification process in 2022, the minimum cost if only a confirmation text is requested would be $1,500, which means the estimated total cost per signature would be 43 cents. The maximum cost if all costs remain the same for a confirmation mailer would be $13,040, which means the estimated total cost per signature would 51 cents.

Greene County Hourly Cost Summary for 2018 Initiative Petition Signature Verification Process		
Cost Per Petition Breakdown	**Hours**	**Total**
R2W		9688.563
Bruce Earnhart	64	958.72
Craig O'Dear	8	149.2
18-204	780.88	10153.91
18-48	995.01	12934.5
18-271	390.75	5254.31
18-41	683	8018.33
18-51	785.13	9893.69
2018 Total		**$57,051.22**

Greene County Employee Breakdown/Total Hours Cost for 2018 Initiative Petition Signature Verification Process			
Employee	**Rate of Pay**	**Hours Worked**	**Total Cost**
Employee	11.31	365.25	4130.9775
Employee	11.31	207	2341.17
Employee	11.31	400	4524
Employee	11.31	32	361.92
Employee	11.31	173.75	1965.1125
Employee	11.31	167	1888.77
Employee	11.31	429.5	4857.645
Employee	11.31	427.25	4832.1975
Employee	11.31	21.75	245.9925
Employee	11.31	137.5	1555.125
Employee	11.31	186.75	2112.1425
Employee	11.48	295.5	3392.34
Employee	18.65	701.02	13074.023
Employee	16.25	128.07	2081.244
Total Cost		3672.34	47362.66
R2W Cost			9688.563
2018 Total			**$57,051.22**

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they do not know the cost of postage to the state for post cards but they believe the cost of mailing a response to the electronic signature process has the potential to be substantial which could have a trickle down fiscal effect on their school's budget.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

The State Auditor's office did not receive a response from the **Department of Higher Education, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate one-time costs of $239,000 and increased annual costs of $38,000. State and local governmental entities estimate unknown costs during each 2-year election cycle of up to $740,000.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 7, 2019

RECEIVED
JAN 07 2019
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Theodis Brown regarding a proposed statutory amendment to Chapter 320 (2020-031)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Theodis Brown on January 7, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Eric Schmitt
Sheri Hoffman
Trish Vincent

Page

...is a class A misdemeanor punishable, notwithstanding [illegible] Section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when he or she knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable ..., Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and ... County (or city of St. Louis), respectfully order that the following amendment to the 320.272 shall be submitted to the voters of the state of Missouri for their approval or rejection, at the general election to be held on the ... day of November, ..., and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ... County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

STATE OF MISSOURI,
COUNTY OF ...

CIRCULATOR'S AFFIDAVIT

I, ... (Petition Circulator's Printed Name) being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street)	(City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer ...

Signature of Affiant (Person obtaining signatures) ... Street Address of Affiant ...

Printed Name of Affiant ... City, State and Zip Code of Affiant ...

Subscribed and sworn to before me this ... day of ..., A.D. ...

Signature of Notary ... Notary Public (Seal)

Address of Notary ... My commission expires: ...

RECEIVED
2006 JUN 7 AM 8:46
SECRETARY OF STATE

Gmail chief theodis brown <mplefireprotectioncompany@gmail.com>

chapter 320rsmo is amended by adding thereto one new section;

8 messages

chiefbrown@localnet.com <chiefbrown@localnet.com> Sun, Dec 30, 2018 at 1:43 PM
To: force1949@hotmail.com
Cc: castlepointfiredept@yahoo.com

be it enacted by the peoples of the state of missouri;without 320.271rsmo& chapter 320rsmo2018 is amended by adding thereto one new section,320.272rsmo to be known as section 320.272rsmo,to read as follow;320.272rsmo 1.with section 320.271rsmo2006 deemed unconstutional a violation of us constution 1st amendements freedon press,assn,speech,violation state sec of state charter entity corporate laws,irs federal employers id;EIN NUMBERS;THUS CANNOT STAND AS ERROR OF LAW, ERROR OF FACTS.IN CONFLICT WITH EEOC,MCHR SOP.SOG PL-94-430.2.320.272rsmo invoked as point of law and in compliance with irs rules on EIN numbers issued entities by federal law that supercede state law 320.271rsmo,thus no longer state agency dfs be allowed to issue it ageny;fdid NUMBER AS FDID numbers in place of the entity irs federal employers id numbers issued by irs rule of law for business law numbers systems in lieu of the irs assigned EIN NUMBER ENTITY.3. ALSO IF ENTITY HAS SEC OF STATE CHARTER NUMBER AS PUBLIC CORPORATION IF FIRE DISTRICT OR IF VOLUNTEER FIRE PROTECTION ASSN AS PUBLIC NONPROFIT CORP ENTITY UNDER IT STATE CHARTERS TO BE RECONIZED BY LAW.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 2, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article III (2020-030)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on January 2, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official ballot Title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

	Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street, No PO Box)	(City, Town orVillage)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of ....., A.D.....

.....
Signature of Notary

Notary Public (Seal)
My commission expires.....

.....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends Article III section 50 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.
Section 50. Initiative petitions proposing amendments to the constitution shall be signed by eight percent of the legal voters in each of two-thirds of the congressional districts in the state, and petitions proposing laws shall be signed by five percent of such voters. Every such petition shall be filed with the secretary of state not less than six months before the election and shall contain an enacting clause and the full text of the measure. Petitions for constitutional amendments shall not contain more than one amended and revised article of this constitution, or one new article which shall not contain more than one subject and matters properly connected therewith, and the enacting clause thereof shall be "Be it resolved by the people of the state of Missouri that the Constitution be amended:". Petitions for laws shall contain not more than one subject which shall be expressed clearly in the title, and the enacting clause thereof shall be "Be it enacted by the people of the state of Missouri:". A petition may be filed following a November election and no filing fee shall be imposed. Any adult 18 years old or older may collect signatures for any petition approved for circulation. A petitioner may volunteer or be paid. An employer may pay per signature, by the hour, or any way agreed to. Changes to election laws are prohibited without voter approval. The Secretary of State shall host and maintain a web based system for the purpose of providing voters the option to sign petitions electronically. The office of the Secretary of State shall provide a verified voter with a unique identification number and collect identical information as required by existing initiative petition law. The electronic signature process is in addition to existing signature requirements and allows an individual to choose between the electronic signature or personally signing a hard copy of the petition. Voters shall have the option of receiving a confirmation text, confirmation email, or any electronic message within the capacity of Secretary of State or a postcard confirming the electronic signature. Voters are also provided a 20 day period to respond with any corrections or objections to the electronic signature.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-030)

Subject

Initiative petition from Damien Johnson regarding a proposed constitutional amendment to Article III. (Received January 2, 2019)

Date

January 22, 2019

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact as a result of the proposed initiative petition.

Officials from the **Department of Elementary and Secondary Education** indicated no cost to their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated:

This proposal amends Article III, Section 50 of the Missouri Constitution with the following:

- Prohibits filing fees for initiative petitions and allows them to be filed following a November election.
- Allows any adult over age 18 to collect signatures as a volunteer or paid staff.
- Prohibits changes to election laws without voter approval.
- Requires the Secretary of State to provide verified voters a unique identification number and collect identical information; host and maintain a web based system to provide an option for voters to sign petitions electronically; provide voters confirmation of electronic signatures; and provide a 20 day time period for the voter to respond with any corrections or objections to the electronic signature.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated:

Petition 2020-030 would require their office to develop a web page to allow electronic signature of initiative and referendum petitions. The Information Technology Division estimates the labor costs for this project at $238,767.96. The Elections Division would require an additional FTE to process the queue of electronic signatures at an initial salary of $38,148 beginning in FY (fiscal year) 2021.

This proposed amendment would also require their office to contact each voter within 20 days of receipt of an electronic petition signature. The proposal does authorize electronic methods such as e-mail or text messages to be used. However, currently the only contact information collected in the initiative petition process is the individual's registered voting address. This leaves a physical mailing to each voter utilizing an electronic signature as the only feasible option. While they cannot determine the specific number of voters that will utilize the electronic system, they can determine an estimate based on the petitions received in the 2018 cycle.

For the 2018 cycle, their office processed signatures for five initiative petitions, with the largest petition having approximately 423,024 signatures checked by local election authorities. If five petitions with that number of signatures on each are received in one petition cycle, that number would total up to 2,115,120 signatures for the cycle, any or all of which could be submitted electronically. Assuming a going rate of postage and processing at $0.35 per postcard, a reasonable estimated cost of mailing could equal up to $740,292.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over 5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would have no fiscal impact upon their office.

Officials from **Adair County** indicated they find no known impact.

Officials from **Greene County** indicated:

There are many factors and/or variables that are unknown as to the additional costs that the language of this amendment would add to the signature verification cost during the course of a fiscal year. For this reason it was determined that the best reference point to attain an estimated cost is the data from the 2018 initiative petition signature verification process.

The total cost for the 2018 initiative petition signature verification process as indicated in the spreadsheets below is $57,051.22. There were a total of 136,149 signatures checked. The rounded cost per signature for the 2018 initiative petition signature verification process was 42 cents per signature.

The future is unknown, but based on the signatures verified in 2018; we estimate conservatively that the office will verify a minimum of 100,000 signatures in 2020 through the initiative petition process. We estimate conservatively that approximately 20,000 voters out of the 100,000 signatures will request a confirmation text, email or postcard if this amendment is passed into law.

The postcards will be purchased in advance to ensure a reduction in printing costs due to volume. A minimum of 50,000 postcards at an estimated 5.8 cents a postcard would be purchased for a total cost of $2,900. In addition, the unique printing identifier information cost for the postcard is estimated to be 3.7 cents a postcard and so it will cost $740.00 if 20,000 postcards are mailed. Postage for the postcards is currently at 47 cents a postcard. Assuming postage costs do not increase by 2022 and 20,000 postcards are mailed at 47 cents a postcard, the cost would be $9,400.00. The estimated total costs for 20,000 postcards being mailed is $13,040.

To send a text message it will cost approximately 7.5 cents a text. If 20,000 text messages are sent to each voter who requests a text, the current estimated cost would be $1,500.

As stated earlier, it is hard to anticipate how many voters who sign a petition would request a confirmation text, email or postcard if this amendment is passed into law. If all costs remain the same prior to the signature verification process in 2022, the minimum cost if only a confirmation text is requested would be $1,500, which means the estimated total cost per signature would be 43 cents. The maximum cost if all costs remain the same for a confirmation mailer would be $13,040, which means the estimated total cost per signature would 51 cents.

Greene County Hourly Cost Summary for 2018 Initiative Petition Signature Verification Process		
Cost Per Petition Breakdown	**Hours**	**Total**
R2W		9688.563
Bruce Earnhart	64	958.72
Craig O'Dear	8	149.2
18-204	780.88	10153.91
18-48	995.01	12934.5
18-271	390.75	5254.31
18-41	683	8018.33
18-51	785.13	9893.69
2018 Total		**$57,051.22**

Greene County Employee Breakdown/Total Hours Cost for 2018 Initiative Petition Signature Verification Process			
Employee	**Rate of Pay**	**Hours Worked**	**Total Cost**
Employee	11.31	365.25	4130.9775
Employee	11.31	207	2341.17
Employee	11.31	400	4524
Employee	11.31	32	361.92
Employee	11.31	173.75	1965.1125
Employee	11.31	167	1888.77
Employee	11.31	429.5	4857.645
Employee	11.31	427.25	4832.1975
Employee	11.31	21.75	245.9925
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Total Cost		3672.34	47362.66
R2W Cost			9688.563
2018 Total			**$57,051.22**

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they do not know the cost of postage to the state for post cards but they believe the cost of mailing a response to the electronic signature process has the potential to be substantial which could have a trickle down fiscal effect on their school's budget.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

The State Auditor's office did not receive a response from the **Department of Higher Education, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate one-time costs of $239,000 and increased annual costs of $38,000. State and local governmental entities estimate unknown costs during each 2-year election cycle of up to $740,000.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 2, 2019

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Rik Combs regarding a proposed constitutional amendment to Article X (2020-029)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Rik Combs on January 2, 2019.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(OFFICIAL BALLOT TITLE)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,
COUNTY OF _____

I, _____ being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town, or Village)	Zip Code	Congr. Dist.	Name (Printed or Typed)
1.					
2.					
3.					
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7.					
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9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do _____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer:

_____.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article X is amended by adding one new section to be known as Section 27, to read as follows:

Section 27. After the effective date of this section, the state, counties, and all other political subdivisions are hereby prevented from imposing or collecting any tax on personal property other than sales tax which may be collected at the time the property is first purchased.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 31, 2018

RECEIVED
DEC 31 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 115 (2020-028)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on December 31, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and_____ County (or city of St. Louis), respectfully under that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says:I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St Louis)); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2018 DEC 31 AM 9:58

CIRCULATOR'S AFFIDAVIT ***STATE OF MISSOURI, COUNTY OF*** _____

I, _____ ***being first duly sworn, say (print or type names of signers)***

(Petition circulator's Printed Name)

NAME(SIGNATURE)	DATE SIGNED	REGISTERED VOTING ADDRESS-STREET-(CITY,TOWN OR VILLAGE)	ZIP CODE	CONG. DIST	NAME (PRINTED OR TYPED)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____. County. FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition. If paid, list the payer _____ .....

_____ _____ _____
Signature of Affiant (person obtaining signatures Printed name of affiant address of affiant

Subscribed and sworn to before me this ____ day of_____. A.D._____

_____ Notary Public Seal My commission expires on __/__/____.
Signature of notary
Address of notary

Be it enacted by the people of the state of Missouri:

To provide for the ability to vote by mail, the following Articles and Sections of the Constitution of Missouri: Article VIII, and the following Sections of the Missouri Revised Statutes: Sections 115.129, 115.133, and 115.135 are amended to read as follows:

Effective [11-07-18]**01-10-2021**

[11/7/2018

115.129. Notice of election by mail authorized, contents of. — Not later than the fifth day prior to any election, the election commissioner may mail to each registered voter in the area of its jurisdiction in which the election is to be held, a notice of election which shall include the date and time of the election, the location of the voter's polling place and the name of the agency calling the election. The notice may also include a sample ballot. The election commissioner may provide any additional notice of the election it deems desirable.]

115.129. Ballots by mail. Each registered voter of the state, overseas voter, and service voter shall automatically be issued a mail ballot for each general election, special election, or primary. Overseas voters and service voters are authorized to cast the same ballots, including those for special elections, as a registered voter of the state would receive under this chapter. Each registered voter shall continue to receive a ballot by mail until death, cancellation by the voter of their registration, or not residing in the voting district. All ballots mailed will include a "Do Not Forward, forwarding address requested" notice located near the address of the recipient. Voters who have moved will be mailed a reminder to change their residence address so they can continue to receive ballots in the mail. Each ballot will include return postage affixed on enclosed return envelope.

(L. 1977 H.B. 101 § 6.020, A.L. 1978 S.B. 582, A.L. 1997 S.B. 132)

A. **Request for ballot from an overseas voter or service voter.**
   a. A request for a ballot from an overseas voter or service voter must include the address of the last residence where registered in the state of Missouri.
   b. No person, organization, or association may distribute any ballot materials that contain a return address other than that of the appropriate county auditor.

B. Date ballots mailed—Replacement ballots

(1 Except where a recount or litigation is pending, the election commissioner must mail ballots to each voter at least thirty days before each primary or election, and as soon as possible for all subsequent registration changes made by the voter.

(2) Except where a recount or litigation is pending, the election commissioner must mail ballots to each service and overseas voter at least thirty days before each special election, and at least forty-five days before each primary or general election, or any special election that involves a federal office. A request for a ballot made by an overseas or service voter after that day must be processed immediately.

(3) A registered voter may obtain a replacement ballot if the ballot is destroyed, spoiled, lost, or not received by the voter. The voter may obtain the ballot by telephone request, by mail, electronically, or in person. The election commissioner shall keep a record of each request for a replacement ballot. If ballot mailed, then no other identification needed.

(4) Each election commissioner shall certify to the office of the secretary of state the dates the ballots were mailed, or the reason and date the ballots will be mailed if the ballots were not mailed in a timely fashion.

(5) Failure to mail ballots as prescribed in this section does not by itself provide a basis for an election contest or other legal challenge to the results of a primary, general election, or special election.

C. Envelopes, declaration, and instructions—Voter's oath—Overseas and service voters—Return of ballots—election commissioner's name.

(1) The election commissioner shall send each voter a ballot, a security envelope in which to conceal the ballot after voting, a larger envelope in which to return the security envelope, attached with paid return postage, a declaration that the voter must sign, and instructions on how to obtain information about the election, how to mark the ballot, and how to return the ballot to the election commissioner.

(2) The voter must swear under penalty of perjury that he or she meets the qualifications to vote, and has not voted in any other jurisdiction at this election. The declaration must clearly inform the voter that it is illegal to vote if he or she is not a United States citizen; it is illegal to vote if he or she has been convicted of a felony and has not had his or her voting rights restored; and it is illegal to cast a ballot or sign a ballot declaration on behalf of another voter. The ballot materials must provide space for the voter to sign the declaration and indicate the date on which the ballot was voted.

(3) For overseas and service voters, the signed declaration constitutes the equivalent of a voter registration. Return envelopes for overseas and service voters must enable the ballot to be returned postage free if mailed through the United States postal service, United States armed forces postal service, or the postal service of a United States foreign embassy under 39 U.S.C. 3406.

(4) The voter must be instructed to either return the ballot to the election commissioner no later than 8:00 p.m. the day of the election or primary, or mail the ballot to the election commissioner with a postmark no later than the day of the election or primary. Service and overseas voters must be provided with instructions and a privacy sheet for returning the ballot and signed declaration by fax or email. A voted ballot and signed declaration returned by fax or email must be received by 8:00 p.m. on the day of the election or primary.

(5) The election commissioner's name may not appear on the security envelope, the return envelope, or on any voting instructions or materials included with the ballot if he or she is a candidate for office during the same year.

(6) Ballots may be counted in advance of election day as received, but no public notice shall be made notifying how votes have been cast or how many ballots have been received.

01-10-2021

115.133. Qualifications of voters. — 1. Except as provided in subsection 2 of this section, any citizen of the United States who is a resident of the state of Missouri and seventeen years and six months of age or older and has a Social Security number shall be entitled to register and to vote in any election which is held on or after his eighteenth birthday. 2. No person who is adjudged incapacitated shall be entitled to register or vote. No person shall be entitled to vote:

(1) While confined under a sentence of imprisonment;

(2) While on probation or parole after conviction of a felony, until finally discharged from such probation or parole; or

(3) After conviction of a felony or misdemeanor connected with the right of suffrage.

3. Except as provided in federal law or federal elections and in section 115.277, no person shall be entitled to vote if the person has not registered to vote in the jurisdiction of his or her residence prior to the deadline to register to vote.

4. Suspicions of invalid qualification will be sent privately (to protect "innocence until proven guilty") directly to the Secretary of State (through the election commissioner if desired).

(a) The Secretary of State will check with Social Security if citizenship is doubted.

(b) The Secretary of State will check with appropriate Justice Systems if conviction of crimes are suspected.

(c) The Secretary of State will make inquiry through postal mail if residency is suspected.

(L. 1977 H.B. 101 § 7.010, A.L. 1979 S.B. 275, A.L. 1982 H.B. 1600, A.L. 1983 S.B. 44 & 45, A.L. 1993 H.B. 23, A.L. 2002 S.B. 675, A.L. 2003 H.B. 511)

[8/28/2003] **01-10-2021**

115.135. Persons entitled to register, when — identification required — military service, registration, when. —

1. Any person who is qualified to vote, or who shall become qualified to vote on or before the day of election, shall be entitled to register in the jurisdiction within which he or she resides. The only identification required is a social security number and an address where you live in order to receive your ballot in the mail. In order to vote in any election for which registration is required, a person must be registered to vote in the jurisdiction of his or her residence no later than 5:00 p.m. or the normal closing time of any public building where the registration is being held if such time is later than 5:00 p.m., on the [fourth] second Wednesday prior to the election, unless the voter is an interstate former resident, an intrastate new resident, a new resident, or a covered voter, as defined in section 115.275. Except as provided in subsection 4 of this section, in no case shall registration for an election extend beyond 10:00 p.m. on the [fourth] second Wednesday prior to the election. Any person registering after such date shall be eligible to register at their polling place and then vote as well in subsequent elections.

2. A person applying to register with an election commissioner or a deputy registration official shall identify himself or herself by presenting a copy [of a birth certificate, a Native American tribal document, other proof of United States citizenship, a varlid Missouri drivers license or other form of personal identification at the time of registration.] of their social security card and mail with current address printed on it (a rent receipt or utility bill will meet requirements).

3. Except as provided in federal law or federal elections and in section 115.277, no person shall be entitled to vote if the person has not registered to vote in the jurisdiction of his or her residence prior to the deadline to register to vote.

4. A covered voter as defined in section 115.275 who has been discharged from military service, has returned from a military deployment or activation, or has separated from employment outside the territorial limits of the United States after the deadline to register to vote, and who is otherwise qualified to register to vote, may register to vote in an election in person before the election commissioner until 5:00 p.m. or poll closing time [on the Friday before such election. Such persons shall produce sufficient documentation showing evidence of qualifying for late registration pursuant to this section]. Proof of residence will be required.

5. Students who live on campus during the school year and at a separate residence while school is not in session may choose which address they will use as their voting residence. Changes of voting residence if in state as a MO residence must have a change of address sent to prior county auditor if already registered or presented to election authorities by the poll closing time on the election date. Out of state students may vote as resident if affidavit is signed signifying that they are not a registered voter from previous state.

(L. 1977 H.B. 101 § 7.015, A.L. 1982 S.B. 526, A.L. 1985 H.B. 620, A.L. 1988 H.B. 933, et al., A.L. 1993 H.B. 551 & 552, A.L. 1994 H.B. 1411, A.L. 2002 S.B. 675, A.L. 2003 H.B. 511, A.L. 2005 H.B. 353, A.L. 2015 S.B. 34 & 105)

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 27, 2018

RECEIVED
DEC 27 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 208 (2020-027)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on December 27, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and_____ County (or city of St. Louis), respectfully under that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says:I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St Louis)); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2018 DEC 27 AM 9:10

CIRCULATOR'S AFFIDAVIT ***STATE OF MISSOURI, COUNTY OF*** _____

I, _____ ***being first duly sworn, say (print or type names of signers)***

(Petition circulator's Printed Name)

NAME(SIGNATURE)	DATE SIGNED	REGISTERED VOTING ADDRESS-STREET-(CITY,TOWN OR VILLAGE)	ZIP CODE	CONG. DIST	NAME (PRINTED OR TYPED)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____. County.
FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.
I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition. If paid, list the payer _____ .....

_____ _____ _____

Signature of Affiant (person obtaining signatures Printed name of affiant address of affiant

Subscribed and sworn to before me this ____ day of_____. A.D._____

_____ Notary Public Seal My commission expires on __/__/____.

Signature of notary

Address of notary

Be it enacted by the people of the state of Missouri:

To utilize the Federal Expanded Medicaid Program, Chapter 208.RSMo, is amended by adding thereto one new section, to be known as section 208.207, to read as follows:

208.207. 1. Beginning January 1, 2021, individuals age nineteen to sixty-four, who are not otherwise eligible for MO HealthNet services under this chapter, who qualify for MO HealthNet services under section 42 U.S.C. 1396a(a)(10()(A)(i)(VIII) and as set forth in 42 CFR 435.119, and who have income at or below one hundred thirty-three percent of the federal poverty level plus five percent of the applicable family size as determined under 42 U.S.C. 1396a(e)(14) and as set forth om 42 CFR 435.603, shall be eligible for medical assistance under Mo HealthNet and shall receive coverage for the health benefits service package.

2. For purposes of this section, "health benefits service package" shall mean, subject to federal approval, benefits covered by the MO HealthNet program as determined by the department of social services to meet the benchmark or benchmark-equivalent coverage requirement under 42 U.S.C. 1396a(k)(1).

3. The reimbursement rate to MO HealthNet providers for MO HealthNet services provided to individuals qualifying under the provisions of this section shall be comparable to commercial reimbursement payment levels with trend adjustment for comparable services. The rates shall be determined annually by the department of social services, and the department may develop such rates through a contracted actuary. The higher commercial comparable rates shall only apply for services provided to individuals qualifying under this section.

4. (1) The department of social services shall discontinue eligibility for persons who are eligible under subsection 1 of this section if:

(a) The federal medical assistance percentage established under 42 U.S.C. Section 1396d(y) or 1369d(z) is less than ninety percent as specified for 2020 each year thereafter or an amount determined by the MO HealthNet oversight committee to be necessary to maintain state budget solvency, whichever is lower; and

(b) The general assembly votes to discontinue eligibility for persons who are eligible under subsection 1 of this section. Prior to any vote under this paragraph, the MO HealthNet oversight committee and the department of social services shall provide the general assembly with information on the current and projected expenses incurred due to expanding eligibility to persons under subsection 1 of this section in relation to health-related savings and revenues and health outcomes of individuals and families receiving benefits under subsection 1 of this section.

(2) The department of social services shall inform persons eligible under subsection 1 of this section that their benefits may be reduced or eliminated if federal funding decreases of is eliminate.

5. The MO HealthNet oversight committee shall conduct research and investigate any potential health-related savings and revenues associated with expanding eligibility to persons under subsection 1 of this section. The committee shall investigate the federal matching rate below which the state could not maintain the expanded eligibility to persons under subsection 1 of this section. If the amount is determined to be greater than ninety percent, the committee shall report its findings to the general assembly for its consideration prior to any vote under paragraph (b) of subdivision (1) of subsection 4 of

this section. In conducting its research and investigation, the committee shall also determine the feasibility of:

(1) Implementing capped cost sharing for persons eligible under subsection 1 of this section which may be reduced based on healthy behaviors of participants.

(2) Expanding Medicaid coverage for certain health care services that are currently financed by the state; and

(3) Enrolling persons under subsection 1 of this section in private health benefit plans.

6. Birth control and family planning will be available to all MO women and male residents 13 years of age and over with proof of age and residence. Applications for birth control and family planning will not need permission from family, spouses or guardians (those under the age of 14 will need permission of guardians or parent). Confidentially will be ensured at all levels. If insurance coverage would come from parent or guardian to cover procedure, on request by patient, this charge will go directly to the state to ensure privacy of applicant. Birth control and family planning covered by this bill will begin on April 1, 2021. There will be no cost for family planning services, including office visits and drugs/devices to the patient. The patient will not have to pay a co-payment for family planning services covered by other health insurance as the state will pick up these non-insurance covered expenses. The patient can go to any health provider who offers family planning services such as:

(a) An ob/gyn or gynecologist, a certified nurse-midwife, a nurse practitioner or other advanced practice nurse, a family planning clinic, your regular doctor or primary care provider or Planned Parenthood. The patient may see 'out of network' doctors as the state will be billed directly covering the costs.

(b) Services covered will include:

(1) Birth control pills, Patches (like the OrthoEvra Patch), Vaginal rings (like the NuvaRing), Injections (like the Depo shot), Implants (like Implanon), Intrauterine devices (IUDs – like Mirena or Paragard), Emergency birth control ("the morning-after pill"), Diaphragms, Condoms,

(2) Surgical sterilization for clients 21 years old and older (like vasectomies or tubal ligation, including the Essure procedure) or any future approved medical procedures will be included at the patient's choice.

(3) The state will make available to all schools and health care offices information for teens announcing the birth control plans provided by the state including long-term, reversible contraceptives.

7. If the Missouri State governing body refuses to appropriate the state's share of Medicaid Expansion, then the cost to the state for expanding medical coverage and birth control to all residents will be borne by the hospitals in the state of Missouri as follows:

(a) All hospitals in MO will be assessed a fee to pay for the expense of this expansion. The first year will be an estimate by the 'department of health and senior services'. Assessment will be made based on the most recent records of 'department of health and senior services' for a full year and adjustments for new assessments will begin on the first of April of each following year. Each hospital will pay a share equal to the percentage of patient days of each hospital of the total MO visits. If MO Assembly has not provided appropriations for this measure,then MO Hospitals will begin monthly payments on Jan 1, 2021. Hospitals will make monthly payments to the state of MO into a fund that will only be used for the full Federal Medicaid Expansion, Planned Parenthood and birth control for residents of Missouri.

(b) Missouri will accept the full federal program of Medicaid Expansion. No adjustments will be allotted for employment status of those receiving expansion benefits. If the funds generated by the hospitals will be used to pay for the cost to the state for Medicaid expansion, Missouri will make immediate application and if fees for implementation have not occurred from the hospitals on implementation, the state will borrow from reserve funds to expedite enrollment. These funds will be paid back upon receipt of funds beginning on April 1, 2021 unless the State of Missouri appropriates the necessary funds.

(c)Any savings to the state from Medicaid expansion that is not used for family planning and birth control will go toward the reduction of the levy on hospitals if this bill mandates.

8. If at any time funding for Planned Parenthood by the federal government is discontinued or if it has already been discontinued at the passage of this amendment, the hospital levy will be increased enough to replace the federal funding of Planned Parenthood to a level at least equal to that of 2015 adjusted for inflation. The state of MO will fund Planned Parenthood at a level at least equal to 2015 adjusted for inflation beginning on Jan 1, 2021, and if by the time this measure is accepted, the state of MO has stopped or reduced funding for Planned Parenthood, the state will begin funding Planned Parenthood again at a level equal to 2015 inflation-adjusted.

9. The 'MO HealthNet" oversight committee shall conduct research and investigation for any potential health related savings and revenues associated with expanding Medicaid eligibility and for extended free birth control resulting in fewer births and associated costs as well as savings from continuing 'Planned Parenthood'. Any savings will go to the reduction or elimination of hospital levy if that levy is necessary. Any additional savings will go to the mental health budget. The 'health and senior services' budget in future years will remain at least at the same percent of total MO budget as in 2015 with the excess not needed going to the mental health budget with *priorities* for communities with the highest percent of poverty.

10. No insurance company will be allowed to sell short-term limited-duration insurance (STLDI) plans in the state of Missouri. No insurance company will be allowed to utilize Pre-Existing Conditions to either prevent enrollment or increase prices for any health plan.

11. All subsections and all clauses of this statute, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-027)

Subject

Initiative petition from Gerald Peterson regarding a proposed amendment to Chapter 208 of the Revised Statutes of Missouri. (Received December 27, 2018)

Date

January 16, 2019

Description

This proposal would amend Chapter 208 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated they anticipate that, if enacted, this proposition would result in increased litigation involving the State and its agencies. However, at this time, they are unable to estimate with specificity the volume of increased litigation. Thus, at this time, they cannot estimate with specificity what additional costs, if any, this proposition would impose on their office.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact as a result of the proposed initiative petition.

Officials from the **Department of Elementary and Secondary Education** indicated no cost to their department.

Officials from the **Department of Higher Education** indicated no impact for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated they defer to the Department of Social Services to calculate the fiscal impact of the proposed legislation.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, is anticipated to have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated they defer to the Department of Social Services for an estimate of fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Department of Social Services.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated this initiative petition will impact the budgets of the Department of Social Services, Department of Mental Health, the Department of Corrections, and the Department of Health & Senior Services by proposing the expansion of Medicaid eligibility and other provisions relating to birth control and family planning, payment for expanding Medicaid, Planned Parenthood, and short-term limited-duration insurance plans.

Section 208.207.1 – 208.207.2

- Today, Missouri covers custodial parents below 19% of the federal poverty level (FPL), which for a family of four is currently $4,769 per year. In addition, non-custodial adults and childless adults without other qualifying criteria are not currently eligible for Medicaid in Missouri regardless of income.

- The Affordable Care Act allows states to expand health care coverage under the Medicaid program to non-elderly, non-Medicare, low-income adults up to 133% of the FPL. The same law includes a 5% disregard of income when determining eligibility for health care benefits; thus, adults with incomes up to 138% FPL will qualify. For a family of four in Missouri, this is currently income up to $34,638 per year.

- The Family Support Division estimates a need of an additional 56 Eligibility Specialists, 6 Eligibility Supervisors, and 1 Social Services Manager to assist in enrolling new participates. The estimated cost for the new FTEs is $4.6 million.

- The Family Support Division estimates increased costs for the call center for eligibility questions is $18.2 million.

- MO HealthNet would need to contract with an actuary to provide actuary sound managed care rates. MO HealthNet estimates this cost to be approximately $500,000 based on the previous scope for expansion.

- MO HealthNet estimates a need of an additional 15 Correspondence and Info Specialists, 18 Medicaid Specialist, 15 MASII, and 2 Social Services Managers to provide call center and customer service support, tracking, and reporting claims data. The estimated cost for the new FTEs is $4.1 million.

- MO HealthNet estimates changes to the Medicaid Management Information System (MMIS) would be in excess of $5 million.

- OA-ITSD (Office of Administration - Information Technology Services Division) estimates costs for system changes related to Medicaid Expansion to be approximately $657,000 for the first year and $289,000 for the second year.

- The expansion of eligibility for Medicaid benefits under the proposed federal program could potentially include coverage for an estimated 250,000 additional Missourians. The costs for this expansion would be in excess of $2 billion per year. The expansion

population state match would be at least 10%; however, that match is subject to change as federal law is amended. Depending on implementation requirements from CMS, there could be some cost shift from state funds to federal funds; however, the cost of implementing this proposal will result in a significant cost in state general revenue. The overall estimated general revenue cost for implementation of this proposal is estimated to exceed $700 million.

Section 208.207.3

This section states the "reimbursement rate to MO HealthNet providers for MO HealthNet services provided to individuals qualifying under the provisions of this section shall be comparable to commercial reimbursement payment levels with trend adjustment for comparable services."

- DSS assumes expansion members added will be placed on a managed care organization (MCO) health plan. DSS assumes it will make a higher capitation payment to MCOs directing they pay providers commercial rates.
- If expansion members are placed on Fee-for-service; provider rates must not surpass the federal Upper Payment Limit which may or may not be the equivalent to commercial rate required in the proposal.
- MO HealthNet estimates the cost to bring reimbursement rates up to commercial rates for the expansion population would be greater than $500 million.
- It is unknown if CMS will allow the expansion population to be reimbursed at commercial rates.

Section 208.207.6

This section expands birth control and family planning to all Missouri men and women ages 13 and older with proof of age and residence. There will be no cost for family planning services, including office visits and drugs/devices to the patient. The patient can go to any health provider who offers family planning services and confidentially will be ensured at all levels. Covered services include birth control pills, patches, vaginal rings, injections, and surgical sterilization for clients 21 years and older.

- There are approximately 4.6 million Missourians between the ages of 13-64 that may utilize this provision to receive a covered service listed that are not currently covered by MO HealthNet. DSS also assumes that insurer may elect to no longer cover birth control as part of their benefit package in the state Missouri.
- Based on an average per member per month cost of $3.29 for females and $0.02 for males, MO HealthNet Division estimates birth control costs of $44.7 million for females and $11.9 million for males. Total estimated cost $56.6 million per year.
- This provision appears to be in conflict with Missouri informed consent provisions (Chapter 431.061) and medical practice standards of care. Medical professionals are unlikely to legally obtain consent for treatment from minors. If required to do so by this law DSS assumes medical malpractice insurance prices will increase.

- The proposal states, "Confidentiality will be ensured at all levels". The level of confidentiality required by this proposal is unclear. If DSS is unable to disclose information for payment purposes or coordination of care/treatment then a new payment model may need to be developed. In addition, DSS would not have the ability to audit providers to ensure accurate charges for services rendered.
- The proposal also states copay amounts shall be paid by DSS; however, if DSS is unable to determine those amounts due to confidentiality DSS will not be able to make the copayments.
- The proposal is unclear if entities that provide a covered service should be enrolled as a MO HealthNet provider. It is also unclear if participants that utilize this service should be enrolled as a MO HealthNet participant. MO HealthNet estimates changes to the Medicaid Management Information System (MMIS) would be in excess of $15 million.

Section 208.207.7

This section states if the General Assembly does not appropriate funds for Medicaid Expansion, costs for expanding medical coverage and birth control to all residents will be borne by the hospitals in the state through an assessed fee.

- Article III Section 36 requires that any funds used by a department be appropriated by the General Assembly. The proposal seeks to circumvent General Assembly approval by directing DSS to levy a hospital tax or seek a loan and use the proceeds to fund the expansion and birth control provisions.
- This proposal violates Article III §§16-24, 18(e) because it imposes a new tax levy without a voter approval.
- Subdivision (c) states any savings to the state from Medicaid expansion that is not used for family planning and birth control will go toward the reduction of the levy on hospitals. Any savings realized as a result of this proposal must be appropriated by the General Assembly before it can be utilized for any DSS program.

Section 208.207.8

This section states if the federal government discontinues funding for Planned Parenthood, the hospital levy will be increased to replace federal funding to a level at least equal to 2015, adjusted for inflation.

- See concerns above on an assessed fee for hospitals.
- As enacted by the 99th General Assembly, DSS is currently prohibited from expending appropriated funds to abortion facilities, associates and or affiliates of abortion facilities. If the provision remains in effect for FY (fiscal year) 2020 it will be in direct conflict with this proposal.

Section 208.708.10

This section states that no insurance company will be allowed to sell short-term limited-duration insurance plans in the state of Missouri.

- This subsection is in conflict with the Missouri Constitution's single-subject clause.
- It is unclear whether the Department of Insurance would have the proper authority to enact a ban on the sale of short-term insurance. DSS defers to the Department of Insurance regarding its authority to promulgate rules related to this ban.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated they are deferring to the Department of Social Services on this initiative petition.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY (fiscal year) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over 5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would have no fiscal impact upon their office.

Officials from **Adair County** indicated they find no known impact.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment if passed would have a positive fiscal impact on their city in an indeterminate amount because it would increase the amount received by the city's health levy.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **University of Central Missouri** indicated there is insufficient information to determine the fiscal impact of this proposed change. Additional clarifying information is needed to determine the actual or estimated fiscal impact.

Officials from **Missouri State University** indicated there is no fiscal impact to their university.

The State Auditor's office did not receive a response from **Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia**, the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, Metropolitan Community College, University of Missouri, St. Louis Community College, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State government entities estimate one-time costs in excess of $21 million and additional costs in excess of $2.5 billion annually. Revenues from the federal government to offset these costs are estimated to be $1.8 billion annually, subject to changes in federal law. Local governments expect unknown changes in revenues.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 27, 2018

RECEIVED
DEC 27 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 147 (2020-026)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on December 27, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and_____ County (or city of St. Louis), respectfully under that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says:I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St Louis)); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2019 DEC 27 AM 9:09

CIRCULATOR'S AFFIDAVIT ***STATE OF MISSOURI, COUNTY OF*** _____

I, _____ ***being first duly sworn, say (print or type names of signers)***

(Petition circulator's Printed Name)

NAME(SIGNATURE)	DATE SIGNED	REGISTERED VOTING ADDRESS-STREET-(CITY,TOWN OR VILLAGE)	ZIP CODE	CONG. DIST	NAME (PRINTED OR TYPED)
1					
2					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____. County. FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition. If paid, list the payer _____ .....

_____ _____ _____

Signature of Affiant (person obtaining signatures Printed name of affiant address of affiant

Subscribed and sworn to before me this ____ day of_____. A.D._____

_____ Notary Public Seal My commission expires on __/__/____.

Signature of notary

Address of notary

Be it enacted by the people of the state of Missouri:

The annual franchise tax of Chapter 147.RSMo will be amended to be reinstated as follows with the revenue to be distributed to the Missouri Road Fund, to the higher education fund and to school districts with a 12% or more poverty level as directed by this amendment:

147.010 1. For the transitional year defined in subsection 4 of this section and each taxable year beginning on or after January 1, 1980, but before January 1, 2000, every corporation organized pursuant to or subject to chapter 351 or pursuant to any other law of this state shall, in addition to all other fees and taxes now required or paid, pay an annual franchise tax to the state of Missouri equal to one-twentieth of one percent of the par value of its outstanding shares and surplus if its outstanding shares and surplus exceed two hundred thousand dollars, or if the outstanding shares of such corporation or any part thereof consist of shares without par value, then, in that event, for the purpose contained in this section, such shares shall be considered as having a value of five dollars per share unless the actual value of such shares exceeds five dollars per share, in which case the tax shall be levied and collected on the actual value and the surplus if the actual value and the surplus exceed two hundred thousand dollars. If such corporation employs a part of its outstanding shares in business in another state or country, then such corporation shall pay an annual franchise tax equal to one-twentieth of one percent of its outstanding shares and surplus employed in this state if its outstanding shares and surplus employed in this state exceed two hundred thousand dollars, and for the purposes of sections 147.010 to 147.120, such corporation shall be deemed to have employed in this state that proportion of its entire outstanding shares and surplus that its property and assets employed in this state bears to all its property and assets wherever located. A foreign corporation engaged in business in this state, whether pursuant to a certificate of authority issued pursuant to chapter 351 or not, shall be subject to this section. Any corporation whose outstanding shares and surplus as calculated in this subsection does not exceed two hundred thousand dollars shall state that fact on the annual report form prescribed by the secretary of state. For all taxable years beginning on or after January 1, 2000, but ending before December 31, 2009, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed one million dollars. Any corporation whose outstanding shares and surplus do not exceed one million dollars shall state that fact on the annual report form prescribed by the director of revenue. For taxable years beginning on or after January 1, 2010, but before December 31, 2011, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars. For all taxable years beginning on or after January 1, 2010, but before December 31, 2015, any corporation whose outstanding shares and surplus do not exceed ten million dollars shall state that fact on the annual report form prescribed by the director of revenue. For all taxable years beginning on or after January 1, 2011, but before December 31, 2015, a corporation's annual tax liability under this chapter shall not exceed the amount of annual franchise tax liability of such corporation for the taxable year ending on or before December 31, 2010. If the corporation had no annual franchise tax liability under this chapter for the taxable year ending on or before December 31, 2010, because such corporation was not in existence or doing business in Missouri, the annual franchise tax for the first taxable year in which such corporation exists shall be determined by applying the applicable rate of tax provided under the provisions of this subsection to the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars, but in no case shall such corporation's tax liability for any subsequent taxable year exceed the amount of annual franchise tax liability of such corporation for the first full taxable year such corporation was in existence or doing business in Missouri. For taxable years beginning on or after January 1, 2012, the annual franchise tax shall be equal to the percentage rate prescribed in this subsection for the corresponding taxable year of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed the corresponding minimum threshold amount prescribed as follows:

(1) For tax year 2012, the rate shall be one-thirty-seventh of one percent and the threshold amount shall be ten million dollars;

(2) For tax year 2013, the rate shall be one-fiftieth of one percent and the threshold amount shall be ten million dollars;

(3) For tax year 2014, the rate shall be one-seventy-fifth of one percent and the threshold amount shall be ten million dollars;
(4) For tax year 2015, the rate shall be one-hundred-fiftieth of one percent and the threshold amount shall be ten million dollars;
(5) For tax years beginning on or after January 1, 2016, no annual franchise tax shall be imposed under this section until the tax year of 2021.

(6) For the tax year 2021, the rate shall be one percent and the threshold amount shall be ten million dollars and shall remain at that rate unless changed through a ballot of the citizens of the state of Missouri. The first quarterly estimated payments will be due on April 15th of 2021.

(7) Forty percent of the revenue of the annual franchise tax will go into the Missouri State Road Fund.

(8) Fifty percent of the revenue of the annual franchise tax will be to provide funds for the schools with a 12% or more poverty level of the citizens in the Missouri public-school system including pre-kindergarten, elementary and secondary education. The revenue generated from the franchise tax for this section will go to a dedicated fund that will be distributed to these schools with a 12% or more poverty level. Distribution will be to those schools that have met the poverty level in at least 5 of the previous 10 years. Distribution will be the total amount distributed equally based on the average daily attendance of all eligible schools. Each school receiving funds will investigate "Communities in Schools" (https://www.communitiesinschools.org/) and utilize funds if deemed appropriate for this program. To combat the "Pipeline to Prison", a penalty of 10% per year (limited to 30% and cancelled once conditions are met) will be imposed on those schools with a 10% or more minority student representation that does not have an ongoing program of strategic planning with Administrators and School Leaders on Restorative Justice, Discipline and behavior systems including:

- A Peace Room which serves as a hub for restorative practices and interventions including: Peace Circles, Mediations, Restorative Chats & Re-entry Circles
- A disciplinary intervention curriculum which teaches critical social-emotional & leadership skills
- Professional development for teachers and school staff

And for schools with potential of 20 pre-Kindergarten students, this penalty will be imposed for not providing every 4-year-old with high-quality, full-day pre-K.

(9) Ten percent of the revenue of the of the annual franchise tax will go to qualified students from families or individuals with an income below 12% poverty level as scholarships only for public Missouri colleges and universities. Scholarships amounts to each individual will include tuition and associated fees and books with an additional amount equal to that amount for their living expenses. Out of the same fund, scholarships will be available for any Missouri medical school or university providing medical training or Doctors of Medicine degrees. These scholarships will cover all tuition and fees, but only half of that amount for living expenses. These scholarships will also be available for any Missouri student who attended a school that served families with an income below the 12% level. Qualified applicants will be granted in order of receipt of application. At the end of each calendar year, any amounts not used for scholarships will be available to pay off student loans of teachers who have taught at schools serving areas with income areas with an income below 12% poverty level. The debts will be paid off beginning with those teachers who have taught the longest and then proceeding to the next longest serving teachers. Any funds not used from this fund will go into funds for higher education. The Missouri budget for elementary and secondary education will not be replaced by this bill. The elementary and secondary education budgets will remain as specified in Chapter 163. Failure of the legislatures to fulfill this

obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget.

2. Sections 147.010 to 147.120 shall not apply to corporations not organized for profit, nor to corporations organized pursuant to the provisions of chapter 349, nor to express companies, which now pay an annual tax on their gross receipts in this state, nor to insurance companies, which are subject to an annual tax on their premium receipts in this state, nor to state, district, county, town and farmers' mutual companies now organized or that may be hereafter organized pursuant to any of the laws of this state, organized for the sole purpose of writing fire, lightning, windstorm, tornado, cyclone, hail and plate glass and mutual automobile insurance and for the purpose of paying any loss incurred by any member by assessment, nor to any mutual insurance corporation not having shares, nor to a company or association organized to transact business of life or accident insurance on the assessment plan for the purpose of mutual protection and benefit to its members and the payment of stipulated sums of moneys to the family, heirs, executors, administrators or assigns of the deceased member, nor to foreign life, fire, accident, surety, liability, steam boiler, tornado, health, or other kind of insurance company of whatever nature coming within the provisions of section 147.050 and doing business in this state, nor to savings and loan associations and domestic and foreign regulated investment companies as defined by Section 170 of the Act of Congress commonly known as the Revenue Act of 1942, nor to electric and telephone corporations organized pursuant to chapter 351 and chapter 392 prior to January 1, 1980, which have been declared tax-exempt organizations pursuant to Section 501(c) of the Internal Revenue Code of 1986, nor for taxable years beginning after December 31, 1986, to banking institutions subject to the annual franchise tax imposed by sections 148.010 to 148.110; but bank deposits shall be considered as funds of the individual depositor left for safekeeping and shall not be considered in computing the amount of tax collectible pursuant to the provisions of sections 147.010 to 147.120.

3. A corporation's taxable year for purposes of sections 147.010 to 147.120 shall be its taxable year as provided in section 143.271.

4. A corporation's transitional year for the purposes of sections 147.010 to 147.120 shall be its taxable year which includes parts of each of the years 1979 and 1980.

5. The franchise tax payable for a corporation's transitional year shall be computed by multiplying the amount otherwise due for that year by a fraction, the numerator of which is the number of months between January 1, 1980, and the end of the taxable year and the denominator of which is twelve. The franchise tax payable, if a corporation's taxable year is changed as provided in section 143.271, shall be similarly computed pursuant to regulations prescribed by the director of revenue.

6. All franchise reports and franchise taxes shall be returned to the director of revenue. All checks and drafts remitted for payment of franchise taxes shall be made payable to the director of revenue.

7. Pursuant to section 32.057, the director of revenue shall maintain the confidentiality of all franchise tax reports returned to the director.

8. The director of the department of revenue shall honor all existing agreements between taxpayers and the director of the department of revenue.

9. All subsections and all clauses of this statute, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-026)

Subject

Initiative petition from Gerald Peterson regarding a proposed amendment to Chapter 147 of the Revised Statutes of Missouri. (Received December 27, 2018)

Date

January 16, 2019

Description

This proposal would amend Chapter 147 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact as a result of the proposed initiative petition.

Officials from the **Department of Elementary and Secondary Education** indicated this proposal will have an impact on the revenue stream of state and local governments; however, their department has no means to calculate such impact.

There does not appear to be any revenue estimates which makes it difficult to determine the financial impact to schools. There is no definition of "poverty level" which is problematic since their department uses free and reduced lunch rates as an indicator of poverty in districts. If that is the measure, upward of 75% of the schools in the state could be deemed to be in poverty. Regarding the distribution of funding, the use of the term "schools" could cause problems because their department distributed funds by district, not by school. Finally, there is no mechanism to distribute the funds nor monitor the implementation of the programs described in subsection 1.8. If their department were to be charged with this, there would be a fiscal responsibility placed on their department for the oversight.

Officials from the **Department of Higher Education** indicated they defer to the Office of Administration on the revenues to be generated by this change.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated:

Section 147.010

This section reinstates the annual franchise tax beginning with tax year 2021 at a rate of one percent with a threshold amount of ten million dollars, unless otherwise changed through a ballot of the citizens of Missouri.

Disposition of the tax is as follows:

- Forty percent to the Missouri State Road Fund
- Fifty percent to schools with a twelve percent or more poverty level of the citizens in the Missouri public-school system including pre-kindergarten, elementary, and secondary education.
- Ten percent to qualified students from families or individuals with an income below twelve percent poverty level as scholarships for public Missouri colleges and universities.

The corporate franchise tax is a tax on a corporation's outstanding shares and surplus within this state. In order to find the fiscal impact, they utilized data reported on the Corporate Franchise Tax Schedule (MO-FT).

In FY (fiscal year) 15, the total dollar amount of assets apportioned to Missouri was $285,488,613,202, take that amount by the proposed tax rate of one percent for an estimated collections of $2,854,886,132. The chart below reflects the estimated fiscal impact in the appropriate funds.

	FY20	FY21	FY22
Missouri State Road Fund	$570,977,227	$1,141,954,453	$1,141,954,453
Public Schools	$713,721,533	$1,427,443,066	$1,427,443,066
Scholarships	$142,744,307	$285,488,613	$285,488,613

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition would reinstate the corporate franchise tax and then require that forty percent of the new proceeds would be deposited into the State Road Fund. Therefore, it will have a positive fiscal impact on their department. The amount of such impact is unknown. The Department of Revenue is best equipped to estimate a fiscal impact for this initiative petition, so their department therefore defers to them for a fiscal impact.

Officials from the **Office of Administration** indicated this proposal amends Section 147.010, RSMo, to enact a one-percent franchise tax beginning with tax year 2021. The first quarterly estimated payment shall be due on April 15th, 2021.

Forty percent of the proceeds will be deposited in the Missouri State Road Fund.

Fifty percent of the proceeds will go to a dedicated fund to distribute to schools with 12% or more poverty level. Schools with 10% or more minority students receiving proceeds from the dedicated fund must have a program with Administrators and School Leaders on Restorative Justice, Discipline and behavior systems or face a 10% penalty per year with a total penalty up to 30%.

Ten percent of the proceeds will go to qualified students from families or individuals with income below 12% poverty level as scholarships for use at Missouri public colleges and universities. At the end of each calendar year, any money remaining shall be used to pay off student loans of teachers at schools serving areas with incomes below 12% poverty level. Any funds remaining shall then be transferred into funds for higher education. This language also specifies that the budget for elementary and secondary education will not be replaced by this bill and that its budget will remain as specified in Chapter 163.

Based on franchise tax collections in CY (calendar year) 15, the last year a franchise tax was in place, gross collections were $29.9 million. At a tax rate of 0.0067%, B&P (Budget and Planning) estimates that total estimates of corporations with at least $10 million in assets was $446.67 billion. At a tax rate of 1%, this proposal would generate approximately $4.47 billion in new revenues once fully implemented in FY (fiscal year) 22. While the franchise tax is an annual tax, historically payments have lagged the annual due date by as much as 18 months. Therefore, B&P estimates that this proposal would increase revenues by $2.77 billion in FY21 and $4.47 billion in FY22 and thereafter.

The distribution of the tax revenue is shown below:

Fund	% deposited	FY21	FY22
State Road Fund	40.0%	$1,108,000,000	$1,786,800,000
Unspecified Dedicated Fund (for school districts with at least 12% poverty level)	50.0%	$1,385,000,000	$2,233,500,000
Unspecified Dedicated Fund (for use by DHE)	10.0%	$277,000,000	$446,700,000

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY (fiscal year) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over 5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would have no fiscal impact upon their office so long as funding would be appropriated as proposed.

Officials from **Adair County** indicated they find no known impact.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **State Technical College of Missouri** indicated this could have an indirect positive fiscal impact as it could benefit students that choose to attend their college.

The State Auditor's office did not receive a response from **Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities expect no additional costs and estimate additional annual revenues ranging from $2.9 billion to $4.5 billion. Local governmental entities expect no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 27, 2018

RECEIVED
DEC 27 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article III (2020-025)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on December 26, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official ballot Title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

	Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street, No PO Box)	(City, Town orVillage)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of ....., A.D.....

.....
Signature of Notary

Notary Public (Seal)
My commission expires.....

.....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends Article III section 50 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.
Section 50. Initiative petitions proposing amendments to the constitution shall be signed by eight percent of the legal voters in each of two-thirds of the congressional districts in the state, and petitions proposing laws shall be signed by five percent of such voters. Every such petition shall be filed with the secretary of state not less than six months before the election and shall contain an enacting clause and the full text of the measure. Petitions for constitutional amendments shall not contain more than one amended and revised article of this constitution, or one new article which shall not contain more than one subject and matters properly connected therewith, and the enacting clause thereof shall be "Be it resolved by the people of the state of Missouri that the Constitution be amended:". Petitions for laws shall contain not more than one subject which shall be expressed clearly in the title, and the enacting clause thereof shall be "Be it enacted by the people of the state of Missouri:". A petition may be filed following a November election and no filing fee shall be imposed. Any adult 18 years old or older may collect signatures for any petition approved for circulation. A petitioner may volunteer or be paid. An employer may pay per signature, by the hour, or any way agreed to. Changes to election laws are prohibited without voter approval. The Secretary of State shall host and maintain a web based system for the purpose of providing voters the option to sign petitions electronically. The office of the Secretary of State shall provide a verified voter with a unique identification number and collect identical information as required by existing initiative petition law. The electronic signature process is in addition to existing signature requirements and allows an individual to choose between the electronic signature or personally signing a hard copy of the petition. Voters shall have the option of receiving a confirmation text, confirmation email, or any electronic message within the capacity of Secretary of State or a postcard confirming the electronic signature. Voters are also provided a 20 day period to respond with any corrections or objections to the electronic signature.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-025)

Subject

Initiative petition from Damien Johnson regarding a proposed constitutional amendment to Article III. (Received December 27, 2018)

Date

January 16, 2019

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact as a result of the proposed initiative petition.

Officials from the **Department of Elementary and Secondary Education** indicated no cost to their department.

Officials from the **Department of Higher Education** indicated no impact for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated:

This proposal amends Article III, Section 50 of the MO Constitution with the following:

- Prohibits filing fees for initiative petitions and allows them to be filed following a November election.
- Allows any adult over age 18 to collect signatures as a volunteer or paid staff.
- Requires the Secretary of State to provide verified voters a unique identification number and collect identical information; host and maintain a web based system to provide an option for voters to sign petitions electronically; provide voters confirmation of electronic signatures; and provide a 20 day time period for the voter to respond with any corrections or objections to the electronic signature.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated:

Petition 2020-025 would require their office to develop a web page to allow electronic signature of initiative and referendum petitions. The Information Technology Division estimates the labor costs for this project at $238,767.96. The Elections Division would require an additional FTE to process the queue of electronic signatures at an initial salary of $38,148 beginning in FY (fiscal year) 2021.

This proposed amendment would also require their office to contact each voter within 20 days of receipt of an electronic petition signature. The proposal does authorize electronic methods such as e-mail or text messages to be used. However, currently the only contact information collected in the initiative petition process is the individual’s registered voting address. This leaves a physical mailing to each voter utilizing an electronic signature as the only feasible option. While they cannot determine the specific number of voters that will

utilize the electronic system, they can determine an estimate based on the petitions received in the 2018 cycle.

For the 2018 cycle, their office processed signatures for five initiative petitions, with the largest petition having approximately 423,024 signatures checked by local election authorities. If five petitions with that number of signatures on each are received in one petition cycle, that number would total up to 2,115,120 signatures for the cycle, any or all of which could be submitted electronically. Assuming a going rate of postage and processing at $0.35 per postcard, a reasonable estimated cost of mailing could equal up to $740,292.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over 5.8 million was spent to publish the full text of the measures for the August and November elections. The SOS estimates $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would have no fiscal impact upon their office.

Officials from **Adair County** indicated they find no known impact.

Officials from **Greene County** indicated:

There are many factors and/or variables that are unknown as to the additional costs that the language of this amendment would add to the signature verification cost during the course of a fiscal year. For this reason it was determined that the best reference point to attain an estimated cost is the data from the 2018 initiative petition signature verification process.

The total cost for the 2018 initiative petition signature verification process as indicated in the spreadsheets below is $57,051.22. There were a total of 136,149 signatures checked. The rounded cost per signature for the 2018 initiative petition signature verification process was 42 cents per signature.

The future is unknown, but based on the signatures verified in 2018; we estimate conservatively that the office will verify a minimum of 100,000 signatures in 2020 through the initiative petition process. We estimate conservatively that approximately 20,000 voters out of the 100,000 signatures will request a confirmation text, email or postcard if this amendment is passed into law.

The postcards will be purchased in advance to ensure a reduction in printing costs due to volume. A minimum of 50,000 postcards at an estimated 5.8 cents a postcard would be purchased for a total cost of $2,900. In addition, the unique printing identifier information cost for the postcard is estimated to be 3.7 cents a postcard and so it will cost $740.00 if 20,000 postcards are mailed. Postage for the postcards is currently at 47 cents a postcard. Assuming postage costs do not increase by 2022 and 20,000 postcards are mailed at 47 cents a postcard, the cost would be $9,400.00. The estimated total costs for 20,000 postcards being mailed is $13,040.

To send a text message it will cost approximately 7.5 cents a text. If 20,000 text messages are sent to each voter who requests a text, the current estimated cost would be $1,500.

As stated earlier, it is hard to anticipate how many voters who sign a petition would request a confirmation text, email or postcard if this amendment is passed into law. If all costs remain the same prior to the signature verification process in 2022, the minimum cost if only a confirmation text is requested would be $1,500, which means the estimated total cost per signature would be 43 cents. The maximum cost if all costs remain the same for a confirmation mailer would be $13,040, which means the estimated total cost per signature would 51 cents.

Greene County Hourly Cost Summary for 2018 Initiative Petition Signature Verification Process		
Cost Per Petition Breakdown	**Hours**	**Total**
R2W		9688.563
Bruce Earnhart	64	958.72
Craig O'Dear	8	149.2
18-204	780.88	10153.91
18-48	995.01	12934.5
18-271	390.75	5254.31
18-41	683	8018.33
18-51	785.13	9893.69
2018 Total		**$57,051.22**

Greene County Employee Breakdown/Total Hours Cost for 2018 Initiative Petition Signature Verification Process			
Employee	**Rate of Pay**	**Hours Worked**	**Total Cost**
Employee	11.31	365.25	4130.9775
Employee	11.31	207	2341.17
Employee	11.31	400	4524
Employee	11.31	32	361.92
Employee	11.31	173.75	1965.1125
Employee	11.31	167	1888.77
Employee	11.31	429.5	4857.645
Employee	11.31	427.25	4832.1975
Employee	11.31	21.75	245.9925
Employee	11.31	137.5	1555.125
Employee	11.31	186.75	2112.1425
Employee	11.48	295.5	3392.34
Employee	18.65	701.02	13074.023
Employee	16.25	128.07	2081.244
Total Cost		3672.34	47362.66
R2W Cost			9688.563
2018 Total			**$57,051.22**

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **Missouri State University** indicated there is no fiscal impact on their university.

The State Auditor's office did not receive a response from **Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State governmental entities estimate one-time costs of $239,000 and increased annual costs of $38,000. State and local governmental entities estimate unknown costs during each 2-year election cycle of up to $740,000.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 27, 2018

RECEIVED
DEC 27 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Patricia Thomas regarding a proposed constitutional amendment to Article V, version 2 (2020-024)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Patricia Thomas on December 21, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2020 DEC 21 PM 4:05

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
1.					
2.					
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15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do □ do not □ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____ _____
Signature of Affiant (Person obtaining signatures) Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me this _____ day of _____, A.D. 201__.

_____ Notary Public (Seal)
Signature of Notary

_____ My commission expires _____
Address of Notary

NOTICE: You are advised that in addition to the express amendments, repeals, and modifications as set forth below, this proposal may repeal, change or modify by implication, or may be construed by some persons to repeal, change or modify by implication, Article IV, Section 4, Article V, Sections 8, 19, 25(a), 25(c)(1), 25(c)(2), 25(d), 25(e), 25(f), and 25(g), and Article VIII, Section 23 of the Constitution of Missouri.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

To amend Sections 8, 19, 25(a), and 25(f), and enact Sections 1(a), 25(c)(3), 25(c)(4), 25(c)(5), and 25(c)(6) of Article V of the Constitution of Missouri to read as follows:

Section 1(a). 1. Judges of the supreme court and court of appeals shall be elected in nonpartisan elections.

2. The election of judges derives from the principle that all political power is vested in and derived from the people, and all government of right originates from the people, is founded upon their will only, and is instituted solely for the good of the whole, and further, that all courts of justice shall be open to every person without sale, denial, or delay. Judges shall therefore be accountable to the citizens of this state, this constitution, and the United States Constitution, and not beholden to any particular association or alliance of lawyers, judges, or interest groups. To accomplish this purpose, as set forth in sections 25(a) through (g), judges of the supreme court and court of appeals shall henceforth stand for election, and shall no longer be selected by the governor from nominations made by commissions of lawyers, judges, and the governor's chosen appointees. Voters in most circuits shall continue to have the ability to choose the method by which circuit and associate circuit judges are selected. Section 1(a) and sections 25(a) through (g) shall be known as the "Missouri Nonpartisan Court Plan."

Section 8. [The judges of the supreme court shall elect from their number a] The chief justice [to] shall preside over the supreme court en banc, and the judges of the court of appeals in each district shall elect from their number a chief judge of the district. The terms of the [chief justice and] chief judges shall be fixed by the courts over which they preside. The chief justice of the supreme court shall be the chief administrative officer of the judicial system and, subject to the supervisory authority of the supreme court, shall supervise the administration of the courts of this state.

Section 19. Judges of the supreme court, including the chief justice, and judges and of the court of appeals shall be selected for terms of [twelve] six years, judges of the circuit courts for terms of six years, and associate circuit judges for terms of four years. No supreme court judge, supreme court chief justice, or court of appeals judge shall be elected to a particular judicial seat for more than two consecutive terms.

Section 25(a). Whenever a vacancy shall occur in the office of [judge of any of the following courts of this state, to wit: The supreme court, the court of appeals, or in the office of] circuit or associate circuit judge within the city of St. Louis and Jackson County, the governor shall fill such vacancy by appointing one of three persons possessing the qualifications for such office, who shall be nominated and whose names shall be submitted to the governor by a nonpartisan judicial commission established and organized as hereinafter provided. If the governor fails to appoint any of the nominees within sixty days after the list of nominees is submitted, the nonpartisan judicial commission making the nomination shall appoint one of the nominees to fill the vacancy. Whenever a vacancy shall occur in the office of judge of the supreme court, supreme court chief justice, or judge of the court of appeals, it shall be promptly filled under article 4, section 4 of this constitution and such appointee shall hold office for the remainder of the vacating judge's term.

Section 25(c)(1). Each judge appointed to the office of circuit or associate circuit judge pursuant to the provisions of sections 25(a)-(g) shall hold office for a term ending December thirty-first following the next general election after the expiration of twelve months in the office. Any circuit or associate circuit judge holding office, or elected thereto, at the time of the election by which the provisions of sections 25(a)-(g) become applicable to his office, shall, unless removed for cause, remain in office for the term to which he would have been entitled had the provisions of sections 25(a)-(g) not become applicable to his office. Not less than sixty days prior to the holding of the general election next preceding the expiration of his term of office, any circuit or associate circuit judge whose office is subject to the provisions of sections 25(a)-(g) may file in the office of the secretary of state a declaration of candidacy for election to succeed himself. If a declaration is not so filed [by any judge], the vacancy resulting from the expiration of his term of office shall be filled by appointment as herein provided. If such declaration is filed, his name shall be submitted at said next general election to the voters eligible to vote [within the state if his office is that of judge of the supreme court, or within the geographic jurisdiction limit of the district where he serves if his office is that of a judge of the court of appeals, or] within the circuit if his office is that of circuit judge, or within the county if his office is that of associate circuit judge on a separate judicial ballot, without party designation, reading:

"Shall Judge .....

(Here the name of the judge shall be inserted) of the .....

(Here the title of the court shall be inserted) be retained in office? Yes No

(Mark an "X" in the box you prefer.)" If a majority of those voting on the question vote against retaining him in office, upon the expiration of his term of office, a vacancy shall exist which shall be filled by appointment as provided in section 25(a); otherwise, said judge shall, unless removed for cause, remain in office for the number of years after December thirty-first following such election as is provided for the full term of such office, and at the expiration of each such term shall be eligible for retention in office by election in the manner here prescribed.

Section 25(c)(3). Judges of the court of appeals and supreme court shall be elected at the general election by the voters eligible to vote within the appellate district of the seat being elected as set forth in sections 25(c)(4) and 25(c)(5). Except as set forth in section 25(a), they shall hold office for a term expiring December thirty-first in the sixth year after their election. The provisions of sections 25(c)(1) and 25(c)(2) shall not apply to court of appeals or supreme court judges.

Section 25(c)(4). Supreme court judges shall be elected as follows. If the general assembly has provided by law for three appellate districts, a chief justice shall be elected at large and two supreme court judges shall be elected from each court of appeals district by the voters eligible to vote within that district, but if greater than three court of appeals districts are established or the geographical boundaries of the districts change such that the following divisions cannot be made, then elections for supreme court judges other than the chief justice shall be as established by law, or if no law timely establishes procedures for such elections, then elections for all supreme court seats shall be at large. Seats E1 and E2 shall be elected from the court of appeals district which includes the City of St. Louis. Seats S1 and S2 shall be elected from the court of appeals district which includes the City of Springfield. Seats W1 and W2 shall be elected from the court of appeals district which includes the City of Kansas City. Seat CJ, the seat of the chief

judge, shall be elected at large. Seats E1 and S1 shall be known as "Class 1" and elected in 2022 and every sixth successive year. Seats W1 and E2 shall be known as "Class 2" and elected in 2024 and every sixth successive year. Seats S2, W2, and the chief justice's at-large seat, CJ, shall be known as "Class 3" and elected in 2026 and every sixth successive year. A supreme court judge shall be a resident of the appellate district from which he or she is elected no later than the day of his or her election.

Section 25(c)(5). The following transition provisions shall apply: 1. Those supreme court judges holding office as of 5:00 p.m. on December 3, 2020, shall not be required to reside in any particular appellate district but on that date shall nonetheless be assigned the following seat designations for purposes of implementing elections and filling vacancies. The seat designations shall be assigned in the following order: CJ, W2, S2, E2, W1, S1, E1. First, beginning with Seat CJ, seats will be assigned to judges who have been retained by voters, starting with the judge most recently retained by voters. For judges retained at the same time, the judge having served the least time on the supreme court shall be assigned first. After all judges who have been retained have been assigned seats, judges who have been appointed shall be assigned, with judges most recently appointed to be assigned first. If all judges who have been retained or appointed have been assigned seats, and it appears that one or more supreme court seats was vacated on or before December 3, 2020, but remained unfilled by the end of that date, these vacancies will be immediately assigned a class and seat, using the order set forth in this section until all seats through Seat S1 are filled, and in assigning seat designations to vacancies, vacancies created by a judge whose last name is first in alphabetical order will have precedence. A seat held by any judge who lost a retention election in the 2020 general election shall be treated as vacant solely for purposes of assigning a class and seat under this transition provision, even though the judge shall hold office until December 31, 2020, and the seat shall be treated as vacant for purposes of section 25(a) on January 1, 2021, and thereafter filled under the provisions of that section.
2. Court of appeals judges who were last retained in the 2010 or 2012 general elections, or the successors to vacancies left by such judges, shall stand in the 2022 general election, court of appeals judges who were last retained in the 2014 or 2016 general elections, or the successors to vacancies left by such judges, shall stand in the 2024 general election, and court of appeals judges who were last retained in the 2018 or 2020 general elections, or the successors to vacancies left by such judges, shall stand in the 2026 general election. The candidate elected in each such election shall serve for the term prescribed by section 19, and every succeeding six years, a new election shall be held for that judicial office. Court of appeals judges first eligible for retention in the 2022 general election under the immediately prior version of section 25(c)(1), which was effective until the end of thirty days after the election adopting this section, shall stand for election in the 2022 general election. Any seat held by a court of appeals judge who loses a retention election in the 2020 general election shall be treated as vacant on January 1, 2021, and shall thereafter be filled under the provisions of section 25(a). Any law providing for additional court of appeals seats shall specify the first general election at which the seat shall be filled.
3. A supreme court or court of appeals vacancy that opened before the end of thirty days after the election adopting this section but was not yet filled as of that time and date shall be filled by the governor under the provisions of section 25(a).
4. The transition provisions of this section 25(c)(5) shall be severable from the remainder of section 25(a) through (g).

Section 25(c)(6). 1. Elections for the offices of judge of the supreme court and court of appeals shall be non-partisan elections. No political party may or shall nominate any candidate for these judicial offices, and no primary or general election ballot shall include a party designation for any of these judicial offices. However, the general assembly shall make no law prohibiting a candidate from declaring himself or herself a supporter of a political party, or prohibiting a political party from declaring its support for a candidate.
2. All declarations for candidacy for the offices of judge of the supreme court and court of appeals shall be filed in the office of the secretary of state no later than 120 days before the primary election. A candidate, whether or not an incumbent, may file such declaration using a form provided by the secretary of state. All declarations shall be accompanied by either a nominating petition or a nomination form. A nominating petition shall have been signed no earlier than 180 days before the primary election by twenty voters eligible to vote in the applicable appellate district, or in the case of the chief justice, in the state. A nomination form shall be signed by all members of the Appellate Judicial Commission no earlier than 180 days before the primary. The Appellate Judicial Commission may issue nomination forms for up to three individuals per race, but this shall include individuals who do not file declarations and therefore do not become candidates.
3. The two candidates receiving the highest number of votes in the primary election shall stand in the general election. The candidate achieving the greatest number of votes in the general election shall be elected to the judicial office.
4. Primary and general elections for the offices of judge of the supreme court and court of appeals shall be held in the same manner as gubernatorial elections to the greatest extent possible for nonpartisan elections, or as may otherwise be provided by law. Contests to the results of an election under this section, whether on the basis of qualification, irregularity, or other cause, or for recount other than any automatic recount as may be provided by law, shall be heard and determined in the same manner as gubernatorial elections to the greatest extent possible for nonpartisan elections, or as otherwise provided by law.
5. The provisions of this section 25(c)(6) shall be severable from the remainder of section 25(a) through (g).

Section 25(f). No judge of any court in this state, appointed or elected to or retained in office in the manner prescribed in sections 25(a)-(g), shall directly or indirectly make any contribution to or hold any office in a political party or organization, or take part in any political campaign[.] except as provided in sections 25(a)–(g). A judge or judicial candidate may announce his or her views on disputed legal or political issues provided that the judge or judicial candidate does not make pledges or promises to render specific rulings or decisions on pending litigation. Judicial candidates and judges who are judicial candidates shall be allowed to solicit, receive and make campaign contributions, and make and receive the benefit of campaign expenditures for their own campaigns as may be provided by law. Nothing herein shall preclude the application of laws or rules of the supreme court governing judicial participation in specific cases based on a judge's political activity with respect to the subject matter or parties. The provisions of this section 25(f) shall be severable from the remainder of section 25(a) through (g), except that nothing shall prohibit a candidate for the supreme court or court of appeals from making or accepting contributions to or taking part in his or her own political campaign.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-024)

Subject

Initiative petition from Patricia Thomas regarding a proposed constitutional amendment to Article V. (Received December 27, 2018)

Date

January 16, 2019

Description

This proposal would amend Article V of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, St. Louis County Board of Elections, Board of Election Commissioners City of St. Louis, Kansas City Board of Election Commissioners, Platte County Board of Elections, Jackson County Election Board,** and **Clay County Board of Election Commissioners.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact as a result of the proposed initiative petition.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated no impact for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal amends Article V of the Constitution of Missouri by requiring nonpartisan elections for judges of the Supreme Court and Court of Appeals. Judges would be elected for six-year terms and would not be allowed to be elected to a particular judicial seat for more than two consecutive terms. Judges would be elected at a general election. The Chief Justice shall be elected at large and two Supreme Court justices will be elected from each Court of Appeals district. This proposal also allows judges to announce their views on disputed legal or political issues; solicit, receive and make campaign contributions; and receive the benefit of campaign expenditures for their own campaigns.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated:

The initiative petition proposing to amend Article V, would require the election of all Supreme Court, Courts of Appeal, Circuit Court and Associate Circuit Court Judges, if approved by the voters.

The proposed legislation would eliminate the appellate judicial commission, which would save $7,741 annually.

Under the proposed legislation a Supreme Court judge, the Chief Justice or court of appeals judge may not serve more than two consecutive terms, which would result in a complete turnover every twelve years. As a result, the cost to training the new judges will increase. New judge orientation class can be from 20 participants to 50 participants and cost $29,168 to $54,568. There are 39 judicial positions in the state that this proposed legislation would affect so the cost of training is estimated to between $29,168 and $54,568 per year.

Judicial vacancies in the Supreme Court, Supreme Court Chief Justice and Court of Appeals, happen throughout the year. Under the proposed legislation, whenever a vacancy shall occur the Governor would appoint the judge to serve the remaining term. Some judicial positions could be vacant for an extended period. During this time, the courts would need to transfer sitting judges or bring in senior judges to handle the existing workload. Since there is no way to quantify the amount of transfers or senior judges that

would be needed, the fiscal impact to the judiciary is unknown at this time. Any significant changes will be reflected in future budget request.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY (fiscal year) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over 5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would have no fiscal impact upon their office.

Officials from **Adair County** indicated they find no known impact.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from the **St. Louis County Election Board** indicated they believe this will have no fiscal impact on their board.

Officials from the **Platte County Board of Elections** indicated they expect no fiscal impact from this petition.

Officials from the **Jackson County Election Board** indicated this initiative petition has no fiscal impact to their board.

The State Auditor's office did not receive a response from **Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph**, the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, Metropolitan Community College, University of Missouri, St. Louis Community College, Board of Election Commissioners City of St. Louis, Kansas City Board of Election Commissioners,** and **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State court officials estimate cost savings of approximately $8,000 annually, increased training costs ranging from approximately $29,000 to $55,000 annually, and unknown annual costs related to judicial vacancies. Local governments estimate no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 27, 2018

RECEIVED
DEC 27 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Patricia Thomas regarding a proposed constitutional amendment to Article V, version 1 (2020-023)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Patricia Thomas on December 21, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2020 DEC 21 PM 4:04

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do □ do not □ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____

_____ _____
Signature of Affiant (Person obtaining signatures) Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me this _____ day of _____, A.D. 20___.

_____ Notary Public (Seal)
Signature of Notary

_____ My commission expires _____
Address of Notary

NOTICE: You are advised that in addition to the express amendments, repeals, and modifications as set forth below, this proposal may repeal, change or modify by implication, or may be construed by some persons to repeal, change or modify by implication, Article IV, Section 4, Article V, Sections 8, 19, 25(a), 25(c)(1), 25(c)(2), 25(d), 25(e), 25(f), and 25(g), and Article VIII, Section 23 of the Constitution of Missouri.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

To amend Sections 8, 19, 25(a), and 25(f), and enact Sections 1(a), 25(c)(3), 25(c)(4), 25(c)(5), and 25(c)(6) of Article V of the Constitution of Missouri to read as follows:

Section 1(a). 1. Judges of the supreme court and court of appeals shall be elected in elections conducted in the same manner as contested elections for governor.

2. The election of judges derives from the principle that all political power is vested in and derived from the people, and all government of right originates from the people, is founded upon their will only, and is instituted solely for the good of the whole, and further, that all courts of justice shall be open to every person without sale, denial, or delay. Judges shall therefore be accountable to the citizens of this state, this constitution, and the United States Constitution, and not beholden to any particular association or alliance of lawyers, judges, or interest groups. To accomplish this purpose, as set forth in sections 25(a) through (g), judges of the supreme court and court of appeals shall henceforth stand for election, and shall no longer be selected by the governor from nominations made by commissions of lawyers, judges, and the governor's chosen appointees. Voters in most circuits shall continue to have the ability to choose the method by which circuit and associate circuit judges are selected. Section 1(a) and sections 25(a) through (g) shall be known as the "Missouri Plan for Judicial Fairness and Accountability."

Section 8. [The judges of the supreme court shall elect from their number a] The chief justice [to] shall preside over the supreme court en banc, and the judges of the court of appeals in each district shall elect from their number a chief judge of the district. The terms of the [chief justice and] chief judges shall be fixed by the courts over which they preside. The chief justice of the supreme court shall be the chief administrative officer of the judicial system and, subject to the supervisory authority of the supreme court, shall supervise the administration of the courts of this state.

Section 19. Judges of the supreme court, including the chief justice, and judges and of the court of appeals shall be selected for terms of [twelve] six years, judges of the circuit courts for terms of six years, and associate circuit judges for terms of four years. No supreme court judge, supreme court chief justice, or court of appeals judge shall be elected to a particular judicial seat for more than two consecutive terms.

Section 25(a). Whenever a vacancy shall occur in the office of [judge of any of the following courts of this state, to wit: The supreme court, the court of appeals, or in the office of] circuit or associate circuit judge within the city of St. Louis and Jackson County, the governor shall fill such vacancy by appointing one of three persons possessing the qualifications for such office, who shall be nominated and whose names shall be submitted to the governor by a nonpartisan judicial commission established and organized as hereinafter provided. If the governor fails to appoint any of the nominees within sixty days after the list of nominees is submitted, the nonpartisan judicial commission making the nomination shall appoint one of the nominees to fill the vacancy. Whenever a vacancy shall occur in the office of judge of the supreme court, supreme court chief justice, or judge of the court of appeals, it shall be promptly filled under article 4, section 4 of this constitution and such appointee shall hold office for the remainder of the vacating judge's term.

Section 25(c)(1). Each judge appointed to the office of circuit or associate circuit judge pursuant to the provisions of sections 25(a)-(g) shall hold office for a term ending December thirty-first following the next general election after the expiration of twelve months in the office. Any circuit or associate circuit judge holding office, or elected thereto, at the time of the election by which the provisions of sections 25(a)-(g) become applicable to his office, shall, unless removed for cause, remain in office for the term to which he would have been entitled had the provisions of sections 25(a)-(g) not become applicable to his office. Not less than sixty days prior to the holding of the general election next preceding the expiration of his term of office, any circuit or associate circuit judge whose office is subject to the provisions of sections 25(a)-(g) may file in the office of the secretary of state a declaration of candidacy for election to succeed himself. If a declaration is not so filed [by any judge], the vacancy resulting from the expiration of his term of office shall be filled by appointment as herein provided. If such declaration is filed, his name shall be submitted at said next general election to the voters eligible to vote [within the state if his office is that of judge of the supreme court, or within the geographic jurisdiction limit of the district where he serves if his office is that of a judge of the court of appeals, or] within the circuit if his office is that of circuit judge, or within the county if his office is that of associate circuit judge on a separate judicial ballot, without party designation, reading:

"Shall Judge .....

(Here the name of the judge shall be inserted) of the .....

(Here the title of the court shall be inserted) be retained in office? Yes No

(Mark an "X" in the box you prefer.)" If a majority of those voting on the question vote against retaining him in office, upon the expiration of his term of office, a vacancy shall exist which shall be filled by appointment as provided in section 25(a); otherwise, said judge shall, unless removed for cause, remain in office for the number of years after December thirty-first following such election as is provided for the full term of such office, and at the expiration of each such term shall be eligible for retention in office by election in the manner here prescribed.

Section 25(c)(3). Judges of the court of appeals and supreme court shall be elected at the general election by the voters eligible to vote within the appellate district of the seat being elected as set forth in sections 25(c)(4) and 25(c)(5). Except as set forth in section 25(a), they shall hold office for a term expiring December thirty-first in the sixth year after their election. The provisions of sections 25(c)(1) and 25(c)(2) shall not apply to court of appeals or supreme court judges.

Section 25(c)(4). Supreme court judges shall be elected as follows. If the general assembly has provided by law for three appellate districts, a chief justice shall be elected at large and two supreme court judges shall be elected from each court of appeals district by the voters eligible to vote within that district, but if greater than three court of appeals districts are established or the geographical boundaries of the districts change such that the following divisions cannot be made, then elections for supreme court judges other than the chief justice shall be as established by law, or if no law timely establishes procedures for such elections, then elections for all supreme court seats shall be at large. Seats E1 and E2 shall be elected from the court of appeals district which includes the City of St. Louis. Seats S1 and S2 shall be elected from the court of appeals district which includes the City of Springfield. Seats W1

and W2 shall be elected from the court of appeals district which includes the City of Kansas City. Seat CJ, the seat of the chief judge, shall be elected at large. Seats E1 and S1 shall be known as "Class 1" and elected in 2022 and every sixth successive year. Seats W1 and E2 shall be known as "Class 2" and elected in 2024 and every sixth successive year. Seats S2, W2, and the chief justice's at-large seat, CJ, shall be known as "Class 3" and elected in 2026 and every sixth successive year. A supreme court judge shall be a resident of the appellate district from which he or she is elected no later than the day of his or her election.

Section 25(c)(5). The following transition provisions shall apply: 1. Those supreme court judges holding office as of 5:00 p.m. on December 3, 2020, shall not be required to reside in any particular appellate district but on that date shall nonetheless be assigned the following seat designations for purposes of implementing elections and filling vacancies. The seat designations shall be assigned in the following order: CJ, W2, S2, E2, W1, S1, E1. First, beginning with Seat CJ, seats will be assigned to judges who have been retained by voters, starting with the judge most recently retained by voters. For judges retained at the same time, the judge having served the least time on the supreme court shall be assigned first. After all judges who have been retained have been assigned seats, judges who have been appointed shall be assigned, with judges most recently appointed to be assigned first. If all judges who have been retained or appointed have been assigned seats, and it appears that one or more supreme court seats was vacated on or before December 3, 2020, but remained unfilled by the end of that date, these vacancies will be immediately assigned a class and seat, using the order set forth in this section until all seats through Seat S1 are filled, and in assigning seat designations to vacancies, vacancies created by a judge whose last name is first in alphabetical order will have precedence. A seat held by any judge who lost a retention election in the 2020 general election shall be treated as vacant solely for purposes of assigning a class and seat under this transition provision, even though the judge shall hold office until December 31, 2020, and the seat shall be treated as vacant for purposes of section 25(a) on January 1, 2021, and thereafter filled under the provisions of that section.
2. Court of appeals judges who were last retained in the 2010 or 2012 general elections, or the successors to vacancies left by such judges, shall stand in the 2022 general election, court of appeals judges who were last retained in the 2014 or 2016 general elections, or the successors to vacancies left by such judges, shall stand in the 2024 general election, and court of appeals judges who were last retained in the 2018 or 2020 general elections, or the successors to vacancies left by such judges, shall stand in the 2026 general election. The candidate elected in each such election shall serve for the term prescribed by section 19, and every succeeding six years, a new election shall be held for that judicial office. Court of appeals judges first eligible for retention in the 2022 general election under the immediately prior version of section 25(c)(1), which was effective until the end of thirty days after the election adopting this section, shall stand for election in the 2022 general election. Any seat held by a court of appeals judge who loses a retention election in the 2020 general election shall be treated as vacant on January 1, 2021, and shall thereafter be filled under the provisions of section 25(a). Any law providing for additional court of appeals seats shall specify the first general election at which the seat shall be filled.
3. A supreme court or court of appeals vacancy that opened before the end of thirty days after the election adopting this section but was not yet filled as of that time and date shall be filled by the governor under the provisions of section 25(a).
4. The transition provisions of this section 25(c)(5) shall be severable from the remainder of section 25(a) through (g).

Section 25(c)(6). 1. Elections for the offices of judge of the supreme court and court of appeals shall be partisan elections.
2. All declarations for candidacy for the offices of judge of the supreme court and court of appeals shall be filed in the office of the secretary of state no later than 120 days before the primary election.
3. Political parties shall nominate party candidates for supreme court or court of appeals judge using the same procedures the laws provide for candidates for governor. Additionally, groups of voters may nominate independent candidates. The person so nominated by a group of voters may qualify as an independent candidate in the general election using the same procedures the laws provide for candidates for governor, except that the nominating petition must be signed by at least thirty thousand registered voters in the appellate district, or two percent of the voters who voted in the appellate district in the last election for governor, whichever is less. Notwithstanding the provisions of section 25(d), the governor shall have no power to appoint to any judicial office any person selected by the Appellate Judicial Commission.
4. Unless otherwise provided by law, primary and general elections for the offices of judge of the supreme court and court of appeals shall be held in the same manner as elections for governor. Contests to the results of an election under this section, whether on the basis of qualification, irregularity, or other cause, or for recount other than any automatic recount as may be provided by law, shall be heard and determined in the same manner as contested elections for governor, unless otherwise provided by law.
5. The provisions of this section 25(c)(6) shall be severable from the remainder of section 25(a) through (g).

Section 25(f). No judge of any court in this state, appointed or elected to or retained in office in the manner prescribed in sections 25(a)-(g), shall directly or indirectly make any contribution to or hold any office in a political party or organization, or take part in any political campaign[.] except as provided in sections 25(a)–(g). A judge or judicial candidate may announce his or her views on disputed legal or political issues provided that the judge or judicial candidate does not make pledges or promises to render specific rulings or decisions on pending litigation. Judicial candidates and judges who are judicial candidates shall be allowed to solicit, receive and make campaign contributions, and make and receive the benefit of campaign expenditures for their own campaigns as may be provided by law. Nothing herein shall preclude the application of laws or rules of the supreme court governing judicial participation in specific cases based on a judge's political activity with respect to the subject matter or parties. The provisions of this section 25(f) shall be severable from the remainder of section 25(a) through (g), except that nothing shall prohibit a candidate for the supreme court or court of appeals from making or accepting contributions to or taking part in his or her own political campaign.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-023)

Subject

Initiative petition from Patricia Thomas regarding a proposed constitutional amendment to Article V. (Received December 27, 2018)

Date

January 16, 2019

Description

This proposal would amend Article V of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, St. Louis County Board of Elections, Board of Election Commissioners City of St. Louis, Kansas City Board of Election Commissioners, Platte County Board of Elections, Jackson County Election Board,** and **Clay County Board of Election Commissioners.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact as a result of the proposed initiative petition.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated no impact for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal amends Article V of the Constitution of Missouri by requiring partisan elections for judges of the Supreme Court and Court of Appeals. Judges would be elected for six-year terms and would not be allowed to be elected to a particular judicial seat for more than two consecutive terms. Judges would be elected at a general election. The Chief Justice shall be elected at large and two Supreme Court justices will be elected from each Court of Appeals district. This proposal also allows judges to announce their views on disputed legal or political issues; solicit, receive and make campaign contributions; and receive the benefit of campaign expenditures for their own campaigns.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated:

The initiative petition proposing to amend Article V, would require the election of all Supreme Court, Courts of Appeal, Circuit Court and Associate Circuit Court Judges, if approved by the voters.

The proposed legislation would eliminate the appellate judicial commission, which would save $7,741 annually.

Under the proposed legislation a Supreme Court judge, the Chief Justice or court of appeals judge may not serve more than two consecutive terms, which would result in a complete turnover every twelve years. As a result, the cost to training the new judges will increase. New judge orientation class can be from 20 participants to 50 participants and cost $29,168 to $54,568. There are 39 judicial positions in the state that this proposed legislation would affect so the cost of training is estimated to between $29,168 and $54,568 per year.

Judicial vacancies in the Supreme Court, Supreme Court Chief Justice and Court of Appeals, happen throughout the year. Under the proposed legislation, whenever a vacancy shall occur the Governor would appoint the judge to serve the remaining term. Some judicial positions could be vacant for an extended period. During this time, the courts would need to transfer sitting judges or bring in senior judges to handle the existing workload. Since there is no way to quantify the amount of transfers or senior judges that

would be needed, the fiscal impact to the judiciary is unknown at this time. Any significant changes will be reflected in future budget request.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY (fiscal year) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over 5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would have no fiscal impact upon their office.

Officials from **Adair County** indicated they find no known impact.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from the **St. Louis County Election Board** indicated they believe this will have no fiscal impact on their board.

Officials from the **Platte County Board of Elections** indicated they expect no fiscal impact from this petition.

Officials from the **Jackson County Election Board** indicated this initiative petition has no fiscal impact to their board.

The State Auditor's office did not receive a response from **Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph**, the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, Metropolitan Community College, University of Missouri, St. Louis Community College, Board of Election Commissioners City of St. Louis, Kansas City Board of Election Commissioners,** and **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State court officials estimate cost savings of approximately $8,000 annually, increased training costs ranging from approximately $29,000 to $55,000 annually, and unknown annual costs related to judicial vacancies. Local governments estimate no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 27, 2018

RECEIVED
DEC 27 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Patricia Thomas regarding a proposed constitutional amendment to Article XIV, Sections 1-5 (2020-022)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Patricia Thomas on December 21, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
DEC 21 PM 4:04

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
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7.					
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11.					
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13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do □ do not □ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me this _____ day of _____, A.D. 20___.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires _____

NOTICE: The proposed amendment creates five new sections of one new Article, to be known as Article XIV, Sections 1, 2, 3, 4, and 5. It changes, repeals, or modifies by implication, or may be construed to change, repeal or modify by implication Article I, Sections 29 and Chapters 8, 34, 89, 105, 285, 286, 290, 292, 295, 393, 516, 610, and 630 of the Revised Statutes.

The proposed amendment creates five new sections of one new Article, to be known as Article XIV, Sections 1, 2, 3, 4, and 5.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article XIV is created by adopting five new sections to be known as Sections 1, 2, 3, 4 and 5.

ARTICLE XIV, SECTION 1. The provisions of this section shall be known as the Union Abuse Prevention Amendment. It shall be the public policy of this state to promote better jobs and higher pay through labor reforms that help Missouri businesses succeed, allow the state to compete in the national and international market for job creation, and promote the efficient and effective functioning of state and local government.

SECTION 2. Employees shall have the freedom to get jobs and to keep their jobs without being forced to pay any fees to a union or join a union, such that, to obtain or keep a job, no person shall be forced to: (1) become, remain or refrain from becoming a member of a union; or (2) pay any dues, fees assessments, or other similar charges however denominated of any kind or amount to a union or third party in lieu thereof.

SECTION 3. (A) No existing or future law or ordinance of the state or its political subdivisions shall require that workers employed by or on behalf of any public body engaged in the construction, alteration, repair, or maintenance of public works be paid: (1) a wage at or above the prevailing hourly rate of wages for work of a similar character in the locality in which the work is performed, including the prevailing hourly rate of wages for legal holiday and overtime work; or
(2) any wage calculated by reference to any rate of wages for work of a similar or dissimilar character in any location or locations, including the rates of wages for legal holiday and overtime work, except the state minimum wage provided in chapter 290 of the revised statutes, as amended from time to time.

(B) This section shall not apply to the wages paid any contractors or subcontractors for work performed on federally funded or assisted contracts.

(C) For purposes of this section the following terms mean: (1) "Public works", all fixed works constructed for public use or benefit or paid for wholly or in part out of public funds. It also includes any work done directly by any public utility company when performed by it pursuant to the order of the public service commission or other public authority whether or not it is done under public supervision or direction or paid for wholly or in part out of public funds when let to contract by the utility. It does not include any work done for or by any drainage or levee district.
(2) "Public body", the state of Missouri or any officer, official, authority, board or commission of the state, or other political subdivision or special district thereof, any institution supported in whole or in part by public funds, or any public utility performing work pursuant to the order of the public service commission or other public authority whether or not it is done under public supervision or direction or paid for wholly or in part out of public funds when let to contract by the utility;
(3) "Worker", laborers, workmen or workwomen, and mechanics.

SECTION 4. Any person who purposely violates the provisions of sections 1 through 3 of this Article is guilty of a class A misdemeanor. Notwithstanding any other provision of law which bars prosecutions for any offenses other than a felony unless commenced within one year after the commission of the offense, any offense under the provisions of this section may be prosecuted if the indictment be found or prosecution be instituted within three years after the commission of the alleged offense.

SECTION 5. The provisions of this Article are self-executing. All of the provisions of this Article are severable. If any provision of this Article is found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted, the remaining provisions of this Article shall be and remain valid.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-022)

Subject

Initiative petition from Patricia Thomas regarding a proposed constitutional amendment to Article XIV. (Received December 27, 2018)

Date

January 16, 2019

Description

This proposal would amend Article XIV of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Board of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest**

Missouri State University, Southeast Missouri State University, and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact as a result of the proposed initiative petition.

Officials from the **Department of Elementary and Secondary Education** indicated no cost to their department.

Officials from the **Department of Higher Education** indicated no impact for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they defer to OA (Office of Administration) for response to this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal adds Article XIV with five sections to the Missouri Constitution and would:

- Prohibit employers from requiring employees to become, remain or refrain from becoming a member of a labor organization or to pay any union dues as a condition of employment.
- Allow any public body engaged in construction, alteration, repair, or maintenance of public works to opt out of prevailing wage requirements.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY (fiscal year) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over 5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would have no fiscal impact upon their office.

Officials from **Adair County** indicated they find no known impact.

Officials from **Greene County** indicated it is anticipated savings would occur for their county for this initiative petition if the prevailing wage law were eliminated, but there is no reasonable method to measure those savings. This is due to all projects bid out by the County of Greene have the prevailing wage requirement, and so therefore all bids received have prevailing wage as part of the submitted bid. If it were possible to attain the bids with prevailing wage, as well as without prevailing wage, then it would have provided the needed information to ascertain actual savings to submit for this fiscal note estimate.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated they do not see a significant impact on their school with this in the short term. However, they do not know how it will ultimately effect wages (and thus taxes) in the long term.

Officials from **State Technical College of Missouri** indicated this could have a positive fiscal impact on their college. The amount cannot be estimated.

Officials from **University of Central Missouri** indicated they estimate no impact.

Officials from **Missouri State University** indicated there is a positive fiscal impact of an undetermined amount.

The State Auditor's office did not receive a response from **Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the

City of Springfield, the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local government entities estimate no additional revenues, and estimate cost savings of an unknown amount.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 27, 2018

RECEIVED
DEC 27 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Patricia Thomas regarding a proposed constitutional amendment to Article XIV, Section 1 (2020-021)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Patricia Thomas on December 21, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
2018 DEC 21 PM 4:02

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
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14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do □ do not □ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me this _____ day of _____, A.D. 20___.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires _____

NOTICE: The proposed amendment creates one new section of one new Article, to be known as Article XIV, Section 1.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article XIV is created by adopting one new section to be known as Section 1.

ARTICLE XIV, SECTION 1. The provisions of this section shall be known as the Right to Remember Amendment. Missouri has a proud heritage of leadership and volunteerism by private citizens who have helped build this state and nation, and who have ensured that the enduring lessons of our history are remembered and handed down to future generations of Missourians. It shall therefore continue to be the public policy of this state to remember our nation's and state's historic conflicts, events, and figures by preserving the historical memorials and monuments in this state.

(a) No memorial that is, or is located on, public property, may be removed, renamed, un-named, relocated, materially altered, rededicated, or de-dedicated, except in such manner and to such extent as the general assembly may provide by law.

(b) In making provisions by law under subsection (a), the general assembly may pass or repeal a local or special law or repeal in part a general law, notwithstanding that a general law could have been made applicable. However, in passing or repealing such special or local law, the general assembly shall comply with article III, section 42 of this constitution.

(c) Nothing herein shall prevent or prohibit the following acts, so long as the acting entity ensures that any memorial is preserved to the greatest extent possible: (1) a public entity having responsibility for maintaining a memorial, or a nonprofit entity acting with permission of the public entity, taking proper and appropriate measures, and exercising proper and appropriate means, for the upkeep, care, preservation, protection, repair, and restoration of the memorial;

(2) the state relocating, removing, or materially altering a memorial located on public property if it determines that the memorial interferes with the construction, maintenance, or operation of public property or improvements to public property, so long as any such action is also taken consistent with federal historical preservation law;

(3) the general assembly taking any action necessary to comply with federal law or passing general laws necessary to allow the state or persons residing in Missouri to compete for, or maintain eligibility for, federal grants, federal contracts, or other federal funding opportunities; the state from taking any act required by federal law to maintain a state historic preservation officer, as may be defined by federal law, or a state historic preservation program, as may be defined by federal law; any local government from taking any act required by federal law to seek or maintain status as a certified local government, as may be defined by federal law.

(d) For purposes of this section: (1) "Historic conflict" means any war, battle, or military conflict in which citizens of the United States or any state or territory of the United States have participated;

(2) "Historic entity" means any entity recognized as having state, national, military, or historical significance;

(3) "Historic event" means any event recognized as having state, national, military, or historical significance;

(4) "Historic figure" means any individual who has been recognized as having served or participated in any historic conflict, historic event, historic entity, public office, or in public service;

(5) "Historic organization" means any entity that has as one (1) or more of its material missions the recognition of, or preservation of sites, structures, or artifacts relating to, any historic conflict, historic entity, historic event, or historic figure;

(6) "Memorial" means: (A) Any public real property or park, preserve, or reserve located on public property that has been named or dedicated in honor of any historic conflict, historic entity, historic event, historic figure, or historic organization; or (B) Any statue; monument; memorial; bust; nameplate; plaque; artwork; flag; the name of any school, street, bridge, or building; or historical display that has been erected for, named, or dedicated on public property in honor of any historic conflict, historic entity, historic event, historic figure, or historic organization; and

(7) "Public property" means all property owned, leased, rented, managed, or maintained by or under the authority of this state, any county, municipality, metropolitan government, special district, or any other public entity that is created by act of the general assembly to perform any public function.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-021)

Subject

Initiative petition from Patricia Thomas regarding a proposed constitutional amendment to Article XIV. (Received December 27, 2018)

Date

January 16, 2019

Description

This proposal would amend Article XIV of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact as a result of the proposed initiative petition.

Officials from the **Department of Elementary and Secondary Education** indicated no cost to their department.

Officials from the **Department of Higher Education** indicated no impact for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal adds Article XIV, Section 1 to the Missouri Constitution. It would prohibit the removal, renaming, un-naming, relocation, alteration, rededication or de-dedication of any memorial located on public property except as the General Assembly may provide by law. This would impact state agencies, including the Division of Facilities Management, Design and Construction (FMDC). The proposal provides an exception if it is determined the memorial interferes with the construction, maintenance, or operation of public property or improvements to public property so long as any such action is also taken consistent with federal historical preservation law. Under federal law, the listing of a property in the National Register of Historic Places imposes no restrictions on what a non-federal owner may do with their property up to and including destruction, unless the property is involved in a project that receives federal assistance. Therefore, the meaning of "federal historical preservation law" is unclear.

To the extent that this amendment might prohibit FMDC from removing or relocating a memorial as needed for construction or repair of state property, this bill could result in increased costs to FMDC because FMDC would have to find a way to work around the memorial in question or find an alternative location, if possible. Without more information, however, FMDC is unable to calculate the potential fiscal impact of this petition. The costs would depend upon the nature of the project, the location of the memorial, etc.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY (fiscal year) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over 5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would have no fiscal impact upon their office.

Officials from **Adair County** indicated they find no known impact.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment could have a negative fiscal impact on their city by limiting the ability of their city to alter or move a memorial as part of an economic development project or to save money.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

The State Auditor's office did not receive a response from **Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District,**

Metropolitan Community College, University of Missouri, and **St. Louis Community College**.

Fiscal Note Summary

State and local government entities estimate no costs or savings from this proposal.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 27, 2018

RECEIVED
DEC 27 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Patricia Thomas regarding a proposed constitutional amendment to Article VI (2020-020)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Patricia Thomas on December 21, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2020 OCT 21 PM 4:03

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
1.					
2.					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do □ do not □ (check one) expect to be paid for circulating this petition.
If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me this _____ day of _____, A.D. 20___.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires _____

NOTICE: You are advised that the proposed amendment to the constitution changes, repeals, or modifies by implication, or may be construed to change, repeal or modify by implication, Article VI of the Missouri Constitution and section 67.307, RSMo. The proposed amendment revises Article VI of the Constitution by adding one new section to be known as section 34.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article VI is amended by adopting one new section to be known as Section 34.

Section 34. Every municipality and municipal official shall cooperate and comply with requests from United States Immigration and Customs Enforcement (ICE) to detain any alien, maintain custody of any alien, or transfer any alien to ICE. For the purposes of this section, "municipal official" includes any elected official, appointed official, or law enforcement officer serving the municipality, as well as any contractor hired by the municipality. For purposes of this section, "municipality" includes, without limitation, every subdivision and special district.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-020)

Subject

Initiative petition from Patricia Thomas regarding a proposed constitutional amendment to Article VI. (Received December 27, 2018)

Date

January 16, 2019

Description

This proposal would amend Article VI of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated based on the text of this proposition, they do not believe that the proposition imposes any obligations on their office or any other statewide agency or officer. On that interpretation, they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact as a result of the proposed initiative petition.

Officials from the **Department of Elementary and Secondary Education** indicated that this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated no impact for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal amends Article VI of the Constitution of Missouri by requiring that every municipality and municipal official cooperate and comply with requests from U.S. Immigration and Customs Enforcement (ICE) to detain any alien, maintain custody of any alien, or transfer any alien to ICE.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY (fiscal year) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over 5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would have no fiscal impact upon their office.

Officials from **Adair County** indicated they find no known impact.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

The State Auditor's office did not receive a response from **Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, Metropolitan Community College, University of Missouri,** and **St. Louis Community College**.

Fiscal Note Summary

State and local government entities estimate no costs or savings from this proposal.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 27, 2018

RECEIVED
DEC 27 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Patricia Thomas regarding a proposed constitutional amendment to Article I (2020-019)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Patricia Thomas on December 21, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2018 DEC 21 PM 4:03

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
1.					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do □ do not □ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____ _____
Signature of Affiant (Person obtaining signatures) Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me this _____ day of _____, A.D. 20___.

_____ Notary Public (Seal)
Signature of Notary

_____ My commission expires _____
Address of Notary

NOTICE: You are advised that the proposed amendment to the constitution changes, repeals, or modifies by implication, or may be construed to change, repeal or modify by implication, Article I of the Missouri Constitution and Chapter 290, RSMo. The proposed amendment revises Article I of the Constitution by amending section 29.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I is amended by revising section 29, to read as follows:

Section 29. That employees shall have the right to organize and to bargain collectively through representatives of their own choosing. That every employee shall have the freedom to work without being forced to pay any fees to a union or join a union as a condition of employment, such that no person shall be required as a condition of employment or continued employment to: (1) become, remain, or refrain from becoming a member of a labor organization; or (2) pay any dues, fees, assessments, or other similar charges however denominated of any kind or amount to a labor organization or third party in lieu thereof.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-019)

Subject

Initiative petition from Patricia Thomas regarding a proposed constitutional amendment to Article I. (Received December 27, 2018)

Date

January 16, 2019

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Board of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest**

Missouri State University, Southeast Missouri State University, and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact as a result of the proposed initiative petition.

Officials from the **Department of Elementary and Secondary Education** indicated no cost to their department.

Officials from the **Department of Higher Education** indicated no impact for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact to their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they defer to OA (Office of Administration) for response to this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal amends Article I of the Constitution of Missouri by prohibiting employers from requiring employees to become, remain, or refrain from becoming a member of a labor organization or pay union dues as a condition of employment.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY (fiscal year) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over 5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would have no fiscal impact upon their office.

Officials from **Adair County** indicated they find no known impact.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-I School District** indicated they do not see a specific fiscal impact on their school other than it has the potential to lower wages. They do have some union members in their community, though none in their school that they are aware of.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **University of Central Missouri** indicated they estimate no impact.

Officials from **Missouri State University** indicated this initiative petition has no fiscal impact on their university.

The State Auditor's office did not receive a response from **Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police**

Commissioners, Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, and **Truman State University**.

Fiscal Note Summary

State and local government entities estimate no costs or savings from this proposal.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 17, 2018

RECEIVED
DEC 17 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article III (2020-018)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on December 17, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article III of the Constitution is revised by repealing Sections 10 and 14 and amending Sections 3, 4, 5, 6, 7, 9 and 11, to read as follows:

Section 3.

(a) There is hereby established the post of "non-partisan state demographer." The non-partisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing [legislative] congressional redistricting maps on the basis of each federal census [for presentation to the house apportionment commission and the senatorial apportionment commission].

(b) The non-partisan state demographer shall be selected through the following process. First, state residents may apply for selection to the state auditor using an application developed by the state auditor to determine an applicant's qualifications and expertise relevant to the position. Second, the state auditor shall deliver to the majority leader and minority leader of the senate a list of at least three applicants with sufficient expertise and qualifications, as determined by the state auditor, to perform the duties of the non-partisan state demographer. Third, if the majority leader and minority leader of the senate together agree that a specific applicant should be selected to be the non-partisan state demographer, that applicant shall be selected and the selection process shall cease. Fourth, if the majority leader and minority leader of the senate cannot together agree on an applicant, they may each remove a number of applicants on the state auditor's list equal to one-third of the total number of applicants on that list, rounded down to the next integer, and the state auditor shall then conduct a random lottery of the applicants remaining after removal to select the non-partisan state demographer. The state auditor shall prescribe a time frame and deadlines for this application and selection process that both encourages numerous qualified applicants and avoids delay in selection. The non-partisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the non-partisan state demographer position an individual shall not have served in a partisan, elected position for four years prior to the appointment. The non-partisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent [legislative] congressional redistricting map [to the house apportionment commission or the senatorial apportionment commission].

(c) [The house of representatives shall consist of one hundred sixty-three members elected at each general election and apportioned in the following manner: as provided in this section.

(1)] Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer shall begin the preparation of [legislative] congressional districting plans and maps using the following methods, listed in order of priority:

([a] 1) Districts shall be established on the basis of total population. [Legislative] Congressional districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census.

([b] 2) Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be designed in a manner that achieves both partisan fairness and, secondarily, competitiveness. Partisan fairness means that parties shall be able to translate their popular support into legislative representation with approximately equal efficiency. Competitiveness means that parties' legislative representation shall be substantially and similarly responsive to shifts in the electorate's preferences.

To this end, the non-partisan state demographer shall calculate the average electoral performance of the two parties receiving the most votes in the three preceding elections for governor, for United States Senate, and for President of the United States. This index shall be defined as the total votes received by each party in the three preceding elections for governor, for United States Senate, and for President of the United States, divided by the total votes cast for both parties in these elections. Using this index, the non-partisan state demographer shall calculate the total number of wasted votes for each party, summing across all of the districts in the plan. Wasted votes are votes cast for a losing candidate or for a winning candidate in excess of the fifty percent threshold needed for victory. In any plan of apportionment and map of the proposed districts submitted to the respective apportionment commission, the non-partisan state demographer shall ensure the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

To promote competitiveness, the non-partisan state demographer shall use the electoral performance index to simulate elections in which the hypothetical statewide vote shifts by one percent, two percent, three percent, four percent, and five percent in favor of each party. The vote in each individual district shall be assumed to shift by the same amount as the statewide vote. The non-partisan state demographer shall ensure that, in each of these simulated elections, the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

([c] 3) Subject to the requirements of subdivisions (1)(a) and (1)(b), Districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous.

([d] 4) To the extent consistent with subdivisions (1)(a) – (1)(c) of this subsection, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county.

([e] 5) Preference shall be that districts are compact in form, but the standards established by subdivisions (1)(a) – (1)(d) of this subsection take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.

([2] d). Within sixty days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

([3] e) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall make public and file with the secretary of state [and with the house apportionment commission] a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non- 2 partisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 4. Each representative shall be twenty-four years of age, and next before the day of his election shall have been a qualified voter for two years and a resident of the [county or] district which she or he is chosen to represent for one year, if such [county or] district shall have been so long established, and if not, then of the [county or] district from which the same shall have been taken.

Section 5. The Senate shall consist of thirty-four members elected by the qualified voters of the [senatorial districts] state of Missouri for a term of four years. [Senatorial districts shall be apportioned as provided for in Article III, Section 7.]

Section 6. Each senator shall be thirty years of age, and next before the day of his election shall have been a qualified voter of the state for three years [and a resident of the district which he is chosen to represent for one year, if such district shall have been so long established, and if not, then of the district or districts from which the same shall have been taken].

Section 7.

[(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer authorized in Article III Section 3, shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the House of Representatives.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, or within sixty days after a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by this subsection, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this Section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the House of Representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.]

An ordered list of candidates, ranked by number of votes received, from most to least, from each political party that is to appear on the ballot for both the senate and the house of representatives in each general election will be determined by means of a primary election, with each party electing a number of candidates up to, but not exceeding, three more than the number of members to be elected. All qualified candidates who file for each party's nomination will appear on the primary ballot for that party. Registered voters will be allowed to vote in one, and only one, party's primary election, and will cast a single vote for a single candidate to be nominated from that party for each office to be elected in the general election to follow.

A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the house in each congressional district by presenting petitions signed by one-half of one per cent of the legal voters in that congressional district. An independent candidate may qualify for a place on the ballot in a congressional district by presenting petitions signed by one-fifth of one percent of the legal voters in that congressional district. A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the senate by presenting petitions signed by one-half of one per cent of the legal voters in the state of Missouri. An independent candidate may qualify for a place on the ballot for the senate by presenting petitions signed by one-fifth of one percent of the legal voters in the state of Missouri. The number of "legal voters" is equal to, and determined by, the total vote for governor in the general election last preceding. Said petitions are to be delivered to the secretary of state no later than ninety days preceding the general election. At the time the petitions are presented, the political party will also notify the secretary of state of the method to be used by said party in nominating a slate of candidates.

The signatures on petitions submitted by independent candidates and political parties shall be subject to verification according to the procedures in the code of state regulations for independent candidate petitions in force at the time the petitions are submitted.
In each general election, each voter will cast a single vote for the ordered list of a political party, or for a single independent candidate appearing on the ballot, or for a single write-in vote for a candidate not appearing on the ballot, having properly registered with the secretary of state as a write-in candidate.

To determine how many candidates in the house of representatives and the senate will be elected from each political party and which independent or write-in candidates will be elected (if any), the total number of valid votes cast for all parties and independent candidates will be divided by the number of seats to be elected to the house of representatives or to the senate. The resulting number will then be rounded to the nearest whole number. The total number of votes cast for each party or independent or write-in candidate will then be divided by that number and that number of candidates from each party is elected, with any remaining votes for each party above the number needed to elect that many candidates calculated as "surplus votes" for that party. Any independent candidate or valid write-in candidate receiving at least the number of votes needed for a seat is elected. The votes for any party or independent candidate falling short of the number needed to be elected are also treated as surplus votes.

The surplus votes of any political party or independent candidate having surplus votes, but not having enough surplus votes to win an additional seat, or a seat, may have those surplus votes transferred to another political party or independent candidate by notifying the Secretary of State in writing at least fourteen days before the date of the general election.

The number of candidates thus elected is calculated and subtracted from the total number of candidates to be elected. If additional candidates remain to be elected, the highest ordered remaining candidate from a party list, or independent candidate with the highest number of surplus votes, is elected. The number of surplus votes required to be elected is then deducted from that party's total votes and the process repeated until the requisite number of candidates has been elected.

In both primary and general elections, officials shall determine a random selection algorithm, prior to tabulation, to resolve ties between candidates. If a tie occurs at any point in the tabulation procedure and tabulation cannot proceed until the tie is resolved, then the random selection algorithm shall resolve the tie.

If a senator or representative resigns, dies, or is removed from office for any reason during the subsequent legislative sessions, the seat shall be filled by the next candidate from her or his party's ordered list, or in the case of an independent candidate, the candidate who would have been elected had there been one more member elected using the prescribed method for tabulating votes.

Section 9. [Until the convening of the Seventy-fourth General Assembly the House of Representatives shall consist of one hundred sixty-three members elected from the one hundred sixty-three representative districts, as they existed January 1, 1965.] Beginning with the election of representatives in the primary and general elections to be held in the year two thousand and twenty-two the House of Representatives shall consist of ten members elected from each congressional district. In the event that members of congress from Missouri are elected at large, congressional district boundaries will still be drawn and used in the election of members of the Missouri House of Representatives.

[Section 10. The last decennial census of the United States shall be used in apportioning representatives and determining the population of senatorial and representative districts. Such districts may be altered from time to time as public convenience may require.]

Section 11. The first election of senators and representatives under this constitution, shall be held at the general election in the year one thousand nine hundred and forty-six when the whole number of representatives and the senators from the districts having even numbers, who shall compose the first class, shall be elected, and two years thereafter the whole number of representatives and the senators from districts having odd numbers, who shall compose the second class, shall be elected, and so on at each succeeding general election. Beginning with the primary and general elections to be held in the year two thousand and twenty-two senators from each class, will be elected at large on a state-wide basis.

[Section 14. Writs of election to fill vacancies in either house of the general assembly shall be issued by the governor.]

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 11, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
DEC 11 2018
STATE AUDITORS OFFICE

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article III (2020-017)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on December 11, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2018 DEC 11 AM 9:

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Street address of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article III of the Constitution is revised by repealing Sections 10 and 14 and amending Sections 3, 4, 5, 6, 7, 9 and 11, to read as follows:

Section 3.

(a) There is hereby established the post of "non-partisan state demographer." The non-partisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing [legislative] congressional redistricting maps on the basis of each federal census [for presentation to the house apportionment commission and the senatorial apportionment commission].

(b) The non-partisan state demographer shall be selected through the following process. First, state residents may apply for selection to the state auditor using an application developed by the state auditor to determine an applicant's qualifications and expertise relevant to the position. Second, the state auditor shall deliver to the majority leader and minority leader of the senate a list of at least three applicants with sufficient expertise and qualifications, as determined by the state auditor, to perform the duties of the non-partisan state demographer. Third, if the majority leader and minority leader of the senate together agree that a specific applicant should be selected to be the non-partisan state demographer, that applicant shall be selected and the selection process shall cease. Fourth, if the majority leader and minority leader of the senate cannot together agree on an applicant, they may each remove a number of applicants on the state auditor's list equal to one-third of the total number of applicants on that list, rounded down to the next integer, and the state auditor shall then conduct a random lottery of the applicants remaining after removal to select the non-partisan state demographer. The state auditor shall prescribe a time frame and deadlines for this application and selection process that both encourages numerous qualified applicants and avoids delay in selection. The non-partisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the non-partisan state demographer position an individual shall not have served in a partisan, elected position for four years prior to the appointment. The non-partisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent [legislative] congressional redistricting map [to the house apportionment commission or the senatorial apportionment commission].

(c) [The house of representatives shall consist of one hundred sixty-three members elected at each general election and apportioned in the following manner: as provided in this section.

(1)] Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer shall begin the preparation of [legislative] congressional districting plans and maps using the following methods, listed in order of priority:

([a] 1) Districts shall be established on the basis of total population. [Legislative] Congressional districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census.

([b] 2) Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be designed in a manner that achieves both partisan fairness and, secondarily, competitiveness. Partisan fairness means that parties shall be able to translate their popular support into legislative representation with approximately equal efficiency. Competitiveness means that parties' legislative representation shall be substantially and similarly responsive to shifts in the electorate's preferences.

To this end, the non-partisan state demographer shall calculate the average electoral performance of the two parties receiving the most votes in the three preceding elections for governor, for United States Senate, and for President of the United States. This index shall be defined as the total votes received by each party in the three preceding elections for governor, for United States Senate, and for President of the United States, divided by the total votes cast for both parties in these elections. Using this index, the non-partisan state demographer shall calculate the total number of wasted votes for each party, summing across all of the districts in the plan. Wasted votes are votes cast for a losing candidate or for a winning candidate in excess of the fifty percent threshold needed for victory. In any plan of apportionment and map of the proposed districts submitted to the respective apportionment commission, the non-partisan state demographer shall ensure the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

To promote competitiveness, the non-partisan state demographer shall use the electoral performance index to simulate elections in which the hypothetical statewide vote shifts by one percent, two percent, three percent, four percent, and five percent in favor of each party. The vote in each individual district shall be assumed to shift by the same amount as the statewide vote. The non-partisan state demographer shall ensure that, in each of these simulated elections, the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

([c] 3) Subject to the requirements of subdivisions (1)(a) and (1)(b), Districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous.

([d] 4) To the extent consistent with subdivisions (1)(a) – (1)(c) of this subsection, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county.

([e] 5) Preference shall be that districts are compact in form, but the standards established by subdivisions (1)(a) – (1)(d) of this subsection take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.

([2] d). Within sixty days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

([3] e) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall make public and file with the secretary of state [and with the house apportionment commission] a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non- 2 partisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 4. Each representative shall be twenty-four years of age, and next before the day of his election shall have been a qualified voter for two years and a resident of the [county or] district which she or he is chosen to represent for one year, if such [county or] district shall have been so long established, and if not, then of the [county or] district from which the same shall have been taken.

Section 5. The Senate shall consist of thirty-four members, divided into two classes of seventeen each, elected by the qualified voters of the senatorial districts for a term of four years. [Senatorial districts shall be apportioned as provided for in Article III, Section 7.]

Section 6. Each senator shall be thirty years of age, and next before the day of his election shall have been a qualified voter of the state for three years [and a resident of the district which he is chosen to represent for one year, if such district shall have been so long established, and if not, then of the district or districts from which the same shall have been taken].

Section 7.

[(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer authorized in Article III Section 3, shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the House of Representatives.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, or within sixty days after a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by this subsection, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this Section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the House of Representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.]

An ordered list of candidates, ranked by number of votes received, from most to least, from each political party that is to appear on the ballot for both the senate and the house of representatives in each general election will be determined by means of a primary election, with each party electing a number of candidates up to, but not exceeding, three more than the number of members to be elected. All qualified candidates who file for each party's nomination will appear on the primary ballot for that party. Registered voters will be allowed to vote in one, and only one, party's primary election, and will cast a single vote for a single candidate to be nominated from that party for each office to be elected in the general election to follow.

A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the house in each congressional district by presenting petitions signed by one-half of one per cent of the legal voters in that congressional district. An independent candidate may qualify for a place on the ballot in a congressional district by presenting petitions signed by one-fifth of one percent of the legal voters in that congressional district. A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the senate by presenting petitions signed by one-half of one per cent of the legal voters in the state of Missouri. An independent candidate may qualify for a place on the ballot for the senate by presenting petitions signed by one-fifth of one percent of the legal voters in the state of Missouri. The number of "legal voters" is equal to, and determined by, the total vote for governor in the general election last preceding. Said petitions are to be delivered to the secretary of state no later than ninety days preceding the general election. At the time the petitions are presented, the political party will also notify the secretary of state of the method to be used by said party in nominating a slate of candidates.

The signatures on petitions submitted by independent candidates and political parties shall be subject to verification according to the procedures in the code of state regulations for independent candidate petitions in force at the time the petitions are submitted.
In each general election, each voter will cast a single vote for the ordered list of a political party, or for a single independent candidate appearing on the ballot, or for a single write-in vote for a candidate not appearing on the ballot, having properly registered with the secretary of state as a write-in candidate.

To determine how many candidates in the house of representatives and the senate will be elected from each political party and which independent or write-in candidates will be elected (if any), the total number of valid votes cast for all parties and independent candidates will be divided by the number of seats to be elected to the house of representatives or to the senate. The resulting number will then be rounded to the nearest whole number. The total number of votes cast for each party or independent or write-in candidate will then be divided by that number and that number of candidates from each party is elected, with any remaining votes for each party above the number needed to elect that many candidates calculated as "surplus votes" for that party. Any independent candidate or valid write-in candidate receiving at least the number of votes needed for a seat is elected. The votes for any party or independent candidate falling short of the number needed to be elected are also treated as surplus votes.

The surplus votes of any political party or independent candidate having surplus votes, but not having enough surplus votes to win an additional seat, or a seat, may have those surplus votes transferred to another political party or independent candidate by notifying the Secretary of State in writing at least fourteen days before the date of the general election.

The number of candidates thus elected is calculated and subtracted from the total number of candidates to be elected. If additional candidates remain to be elected, the highest ordered remaining candidate from a party list, or independent candidate with the highest number of surplus votes, is elected. The number of surplus votes required to be elected is then deducted from that party's total votes and the process repeated until the requisite number of candidates has been elected.

In both primary and general elections, officials shall determine a random selection algorithm, prior to tabulation, to resolve ties between candidates. If a tie occurs at any point in the tabulation procedure and tabulation cannot proceed until the tie is resolved, then the random selection algorithm shall resolve the tie.

If a senator or representative resigns, dies, or is removed from office for any reason during the subsequent legislative sessions, the seat shall be filled by the next candidate from her or his party's ordered list, or in the case of an independent candidate, the candidate who would have been elected had there been one more member elected using the prescribed method for tabulating votes.

Section 9. [Until the convening of the Seventy-fourth General Assembly the House of Representatives shall consist of one hundred sixty-three members elected from the one hundred sixty-three representative districts, as they existed January 1, 1965.] Beginning with the election of representatives in the general election to be held in November of 2022, the House of Representatives shall consist of ten members elected from each congressional district. In the event that members of congress from Missouri are elected at large, congressional district boundaries will still be drawn and used in the election of members of the Missouri House of Representatives.

[Section 10. The last decennial census of the United States shall be used in apportioning representatives and determining the population of senatorial and representative districts. Such districts may be altered from time to time as public convenience may require.]

Section 11. The first election of senators and representatives under this constitution, shall be held at the general election in the year one thousand nine hundred and forty-six when the whole number of representatives and the senators from the districts having even numbers, who shall compose the first class, shall be elected, and two years thereafter the whole number of representatives and the senators from districts having odd numbers, who shall compose the second class, shall be elected, and so on at each succeeding general election. Beginning with the general election to be held in November of 2022, senators from each class, will be elected at large on a state-wide basis.

[Section 14. Writs of election to fill vacancies in either house of the general assembly shall be issued by the governor.]

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 11, 2018

RECEIVED
DEC 11 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Theodis Brown regarding a proposed statutory amendment to Chapter 590 (2020-016)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Theodis Brown on December 11, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

... is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable _____, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the Constitution shall be submitted to the voters of the state of Missouri for their approval or rejection, at the general election to be held on the _____ day of November, _____, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
DEC 11 AM 9:01

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

mo.corporate security advisors law;section 590.750rsmo.amended by adding new 590.751rsmo

chiefbrown@localnet.com

Mon 12/10/2018, 4:18 PM

To: mplefireprotectioncompany@gmail.com <mplefireprotectioncompany@gmail.com>
Cc: stlouisprivateeyenewspaper@yahoo.com <stlouisprivateeyenewspaper@yahoo.com>

be it enacted by the peoples of the state of missouri;without chapter section 590.750rsmo,is hereby amended by assing thereto one new section to be known as chapter section 590.751rsmo to read as follow,section chapter 590.751rsmo.1.the mo corporate security advisor law invoked under new added section chapter 590.751rsmo.2.director of dept of public safety to provide mandated considerations to minority disadvantage small businesses owned by people of color,and female gender ownerships,as a part of missouri economic development.annoted under new chapter section 590.751rsmo.under us constitution 1st amendments on freedom of assn,speech,press.

03/06/2000 19:21 314-725-3334 EVELOFF & MORRIS PAGE 02

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 7, 2018

RECEIVED
DEC 07 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Michael Louis regarding a proposed constitutional amendment to Article I, Version 4 (2020-015)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Michael Louis on December 6, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned registered voters of the state of Missouri and _____County, (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

RECEIVED
2018 DEC -6 PM 4:24

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I of the Constitution is revised by amending Section 29 to read as follows:

Section 29. That employees shall have the right to organize and to bargain collectively through representatives of their own choosing. No existing or future law or ordinance of the state or its political subdivisions shall impair, restrict or limit the negotiation and enforcement of any collectively bargained agreement with an employer respecting financial support by employees of their collective bargaining representative according to the terms of that agreement.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-015)

Subject

Initiative petition from Michael Louis regarding a proposed constitutional amendment to Article I. (Received December 7, 2018)

Date

December 21, 2018

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Board of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest**

Missouri State University, Southeast Missouri State University, and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact as a result of the proposed initiative petition.

Officials from the **Department of Elementary and Secondary Education** indicated no cost to their department.

Officials from the **Department of Higher Education** indicated no cost to their department.

Officials from the **Department of Health and Senior Services** indicated there is no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they defer to the Office of Administration for response to this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated:

The proposed amendment would prohibit any existing or future law or ordinance of the state or its political subdivisions from impairing, restricting, or limiting the negotiation and enforcement of any collectively bargained agreement with an employer respecting financial support by employees of their collective bargaining representative.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over 5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would have no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated they expect no fiscal impact to their city.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **State Technical College of Missouri** indicated there is no fiscal impact to their college.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State and local government entities expect no costs or savings from this proposal.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 7, 2018

RECEIVED
DEC 07 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Michael Louis regarding a proposed constitutional amendment to Article I, Version 3 (2020-014)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Michael Louis on December 6, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned registered voters of the state of Missouri and _____County, (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2020 DEC -9 PM 4:23

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I of the Constitution is revised by amending Section 29 to read as follows:

Section 29. That employees shall have the right to organize and to bargain collectively through representatives of their own choosing. No existing or future law or ordinance of the state or its political subdivisions shall impair, restrict or limit the ability of employees to negotiate, enter into and enforce any collectively bargained agreement with an employer that provides financial support for the representational services their collective bargaining representative performs.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-014)

Subject

Initiative petition from Michael Louis regarding a proposed constitutional amendment to Article I. (Received December 7, 2018)

Date

December 21, 2018

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Board of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest**

Missouri State University, Southeast Missouri State University, and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact as a result of the proposed initiative petition.

Officials from the **Department of Elementary and Secondary Education** indicated no cost to their department.

Officials from the **Department of Higher Education** indicated no cost to their department.

Officials from the **Department of Health and Senior Services** indicated there is no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they defer to the Office of Administration for response to this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated:

The proposed amendment would prohibit any existing or future law or ordinance of the state or its political subdivisions from impairing, restricting, or limiting the ability of employees to negotiate, enter into and enforce any collectively bargained agreement with an employer that provides financial support for the representational services their collective bargaining representative performs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over 5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would have no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated they expect no fiscal impact to their city.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **State Technical College of Missouri** indicated there is no fiscal impact to their college.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State and local government entities expect no costs or savings from this proposal.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 7, 2018

RECEIVED
DEC 07 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Michael Louis regarding a proposed constitutional amendment to Article I, Version 2 (2020-013)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Michael Louis on December 6, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned registered voters of the state of Missouri and _____County, (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2019 DEC -6 PM 4:23

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal or modify by implication Section 290 of the Missouri Revised Statutes.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I of the Constitution is revised by amending Section 29 to read as follows:

Section 29. That employees and employers shall have the right to organize and to bargain collectively through representatives of their own choosing. No existing or future law or ordinance of the state or its political subdivisions shall impair, restrict or limit the negotiation and enforcement of any collectively bargained agreement with an employer respecting financial support by employees of their collective bargaining representative according to the terms of that agreement.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-013)

Subject

Initiative petition from Michael Louis regarding a proposed constitutional amendment to Article I. (Received December 7, 2018)

Date

December 21, 2018

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Board of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest**

Missouri State University, Southeast Missouri State University, and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact as a result of the proposed initiative petition.

Officials from the **Department of Elementary and Secondary Education** indicated no cost to their department.

Officials from the **Department of Higher Education** indicated no cost to their department.

Officials from the **Department of Health and Senior Services** indicated there is no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they defer to the Office of Administration for response to this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated:

The proposed amendment would allow employers, in addition to employees, to organize and bargain collectively. It would also prohibit any existing or future law or ordinance of the state or its political subdivisions from impairing, restricting, or limiting the negotiation and enforcement of any collectively bargained agreement with an employer respecting financial support by employees of their collective bargaining representative.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over 5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would have no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated they expect no fiscal impact to their city.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **State Technical College of Missouri** indicated there is no fiscal impact to their college.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State and local government entities expect no costs or savings from this proposal.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 7, 2018

RECEIVED
DEC 07 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Michael Louis regarding a proposed constitutional amendment to Article I, Version 1 (2020-012)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Michael Louis on December 6, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned registered voters of the state of Missouri and _____County, (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on 3rd day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
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10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

RECEIVED
2018 DEC -6 PM 4:22

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I of the Constitution is revised by amending Section 29 to read as follows:

Section 29. That employees shall have the right to organize and to bargain collectively through representatives of their own choosing. No law or ordinance shall restrict or impair an agreement which requires employees to support their chosen collective bargaining representative. The rights guaranteed by this section shall be unalienable. Any restriction on these rights shall be subject to strict scrutiny and the State of Missouri shall be obligated to uphold these rights and under no circumstances decline to protect against their infringement.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-012)

Subject

Initiative petition from Michael Louis regarding a proposed constitutional amendment to Article I. (Received December 7, 2018)

Date

December 21, 2018

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Board of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest**

Missouri State University, Southeast Missouri State University, and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact as a result of the proposed initiative petition.

Officials from the **Department of Elementary and Secondary Education** indicated no cost to their department.

Officials from the **Department of Higher Education** indicated no cost to their department.

Officials from the **Department of Health and Senior Services** indicated there is no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they defer to the Office of Administration for response to this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated:

The proposed amendment would prohibit any law or ordinances from restricting or impairing an agreement which requires employees to support their chosen collective bargaining representative. The rights guaranteed by this section shall be unalienable and any restriction on these rights shall be subject to strict scrutiny and the state shall be obligated to uphold these rights.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over 5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate $65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would have no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated they expect no fiscal impact to their city.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **State Technical College of Missouri** indicated there is no fiscal impact to their college.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State and local government entities expect no costs or savings from this proposal.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 5, 2018

RECEIVED
DEC 05 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article III (2020-011)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on December 5, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2018 DEC -5 AM 7:33

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street, No PO Box)	(City, Town orVillage)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends Article III section 50 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.
Section 50. Initiative petitions proposing amendments to the constitution shall be signed by eight percent of the legal voters in each of two-thirds of the congressional districts in the state, and petitions proposing laws shall be signed by five percent of such voters. Every such petition shall be filed with the secretary of state not less than six months before the election and shall contain an enacting clause and the full text of the measure. Petitions for constitutional amendments shall not contain more than one amended and revised article of this constitution, or one new article which shall not contain more than one subject and matters properly connected therewith, and the enacting clause thereof shall be "Be it resolved by the people of the state of Missouri that the Constitution be amended:". Petitions for laws shall contain not more than one subject which shall be expressed clearly in the title, and the enacting clause thereof shall be "Be it enacted by the people of the state of Missouri:". A petition may be filed following a November election and no filing fee shall be imposed. Any adult 18 years old or older may collect signatures for any petition approved for circulation. A petitioner may volunteer or be paid. An employer may pay per signature, by the hour, or any way agreed to. Changes to election laws are prohibited without voter approval. The Secretary of State shall host and maintain a web based system for the purpose of providing voters the option to sign petitions electronically. The office of the Secretary of State shall provide a verified voter with a unique identification number and collect identical information as required by existing initiative petition law. The electronic signature process is in addition to existing signature requirements and allows an individual to choose between the electronic signature or personally signing a hard copy of the petition. Voters shall have the option of receiving a confirmation text, confirmation email, or any electronic message within the capacity of Secretary of State or a postcard confirming the electronic signature. Voters are also provided a 20 day period to respond with any corrections or objections to the electronic signature.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 4, 2018

RECEIVED
DEC 04 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article III (2020-010)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on December 3, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 3rd day of November, 2020 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street, No PO Box)	(City, Town orVillage)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1						
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of ....., A.D.....

.....
Signature of Notary

Notary Public (Seal)
My commission expires.....

.....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends Article III section 50 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.
Section 50. Initiative petitions proposing amendments to the constitution shall be signed by eight percent of the legal voters in each of two-thirds of the congressional districts in the state, and petitions proposing laws shall be signed by five percent of such voters. Every such petition shall be filed with the secretary of state not less than six months before the election and shall contain an enacting clause and the full text of the measure. Petitions for constitutional amendments shall not contain more than one amended and revised article of this constitution, or one new article which shall not contain more than one subject and matters properly connected therewith, and the enacting clause thereof shall be "Be it resolved by the people of the state of Missouri that the Constitution be amended:". Petitions for laws shall contain not more than one subject which shall be expressed clearly in the title, and the enacting clause thereof shall be "Be it enacted by the people of the state of Missouri:". A petition may be filed following a November election and no filing fee shall be imposed. Any adult 18 years old or older may collect signatures any petition approved of circulation. A petitioner may volunteer or be paid. An employer may pay per signature, by the hour, or any way agreed to. Comfortable clothes may be worn without a required ID page and no changes to election laws without voter approval. The Secretary of State shall host and maintain a web based system for the purpose of providing voters the option of sign petitions electronically. The office the Secretary of State shall provide a verified voter with a unique identification number and collect identical information as required by existing initiative petition law. The electronic signature process is in addition to existing signature requirements and allows an individual to choose between the electronic signature and personally signing a hard copy of a petition. Voters shall have the option of receiving a confirmation text, confirmation email, email, any electronic message within the capacity of Secretary of State and available at the time, or postcard confirming the electronic signature and informing the voter about the 20 day period respond with any corrections or objections to the electronic signature.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 3, 2018

RECEIVED
DEC 03 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 208 (2020-009)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on December 3, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2018 DEC -3 AM 9:26

CIRCULATOR'S AFFIDAIT **STATE OF MISSOURI, COUNTY OF** _____

Being first duly sworn, say (print or type names of signers)

NAME(SIGNATURE)	DATE SIGNED	REGISTERED VOTING ADDRESS-STREET-(CITY,TOWN OR VILLAGE)	ZIP CODE	CONG. DIST	NAME (PRINTED OR TYPED)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____. County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition. If paid, list the payer _____ .....

_____ _____ _____

Signature of Affiant (person obtaining signatures Printed name of affiant address of affiant

Subscribed and sworn to before me this ____ day of_____. A.D._____

_____ Notary Public Seal My commission expires on __/__/____.

Signature of notary

Address of notary

Be it enacted by the people of the state of Missouri:

To utilize the Federal Expanded Medicaid Program, Chapter 208.RSMo, is amended by adding thereto one new section, to be known as section 208.207, to read as follows:

208.207. 1. Beginning January 1, 2021, individuals age nineteen to sixty-four, who are not otherwise eligible for MO HealthNet services under this chapter, who qualify for MO HealthNet services under section 42 U.S.C. 1396a(a)(10()(A)(i)(VIII) and as set forth in 42 CFR 435.119, and who have income at or below one hundred thirty-three percent of the federal poverty level plus five percent of the applicable family size as determined under 42 U.S.C. 1396a(e)(14) and as set forth om 42 CFR 435.603, shall be eligible for medical assistance under Mo HealthNet and shall receive coverage for the health benefits service package.

2. For purposes of this section, "health benefits service package" shall mean, subject to federal approval, benefits covered by the MO HealthNet program as determined by the department of social services to meet the benchmark or benchmark-equivalent coverage requirement under 42 U.S.C. 1396a(k)(1).

3. The reimbursement rate to MO HealthNet providers for MO HealthNet services provided to individuals qualifying under the provisions of this section shall be comparable to commercial reimbursement payment levels with trend adjustment for comparable services. The rates shall be determined annually by the department of social services, and the department may develop such rates through a contracted actuary. The higher commercial comparable rates shall only apply for services provided to individuals qualifying under this section.

4. (1) The department of social services shall discontinue eligibility for persons who are eligible under subsection 1 of this section if:

(a) The federal medical assistance percentage established under 42 U.S.C. Section 1396d(y) or 1369d(z) is less than ninety percent as specified for 2020 each year thereafter or an amount determined by the MO HealthNet oversight committee to be necessary to maintain state budget solvency, whichever is lower; and

(b) The general assembly votes to discontinue eligibility for persons who are eligible under subsection 1 of this section. Prior to any vote under this paragraph, the MO HealthNet oversight committee and the department of social services shall provide the general assembly with information on the current and projected expenses incurred due to expanding eligibility to persons under subsection 1 of this section in relation to health-related savings and revenues and health outcomes of individuals and families receiving benefits under subsection 1 of this section.

(2) The department of social services shall inform persons eligible under subsection 1 of this section that their benefits may be reduced or eliminated if federal funding decreases of is eliminate.

5. The MO HealthNet oversight committee shall conduct research and investigate any potential health-related savings and revenues associated with expanding eligibility to persons under subsection 1 of this section. The committee shall investigate the federal matching rate below which the state could not maintain the expanded eligibility to persons under subsection 1 of this section. If the amount is determined to be greater than ninety percent, the committee shall report its findings to the general assembly for its consideration prior to any vote under paragraph (b) of subdivision (1) of subsection 4 of

this section. In conducting its research and investigation, the committee shall also determine the feasibility of:

(1) Implementing capped cost sharing for persons eligible under subsection 1 of this section which may be reduced based on healthy behaviors of participants.

(2) Expanding Medicaid coverage for certain health care services that are currently financed by the state: and

(3) Enrolling persons under subsection 1 of this section in private health benefit plans.

6. Birth control and family planning will be available to all MO women and male residents 13 years of age and over with proof of age and residence. Applications for birth control and family planning will not need permission from family, spouses or guardians (those under the age of 14 will need permission of guardians or parent). Confidentially will be ensured at all levels. If insurance coverage would come from parent or guardian to cover procedure, on request by patient, this charge will go directly to the state to ensure privacy of applicant. Birth control and family planning covered by this bill will begin on April 1, 2021. There will be no cost for family planning services, including office visits and drugs/devices to the patient. The patient will not have to pay a co-payment for family planning services covered by other health insurance as the state will pick up these non-insurance covered expenses. The patient can go to any health provider who offers family planning services such as:

(a) An ob/gyn or gynecologist, a certified nurse-midwife, a nurse practitioner or other advanced practice nurse, a family planning clinic, your regular doctor or primary care provider or Planned Parenthood. The patient may see 'out of network' doctors as the state will be billed directly covering the costs.

(b) Services covered will include:

(1) Birth control pills, Patches (like the OrthoEvra Patch), Vaginal rings (like the NuvaRing), Injections (like the Depo shot), Implants (like Implanon), Intrauterine devices (IUDs – like Mirena or Paragard), Emergency birth control ("the morning-after pill"), Diaphragms, Condoms,

(2) Surgical sterilization for clients 21 years old and older (like vasectomies or tubal ligation, including the Essure procedure) or any future approved medical procedures will be included at the patient's choice.

(3) The state will make available to all schools and health care offices information for teens announcing the birth control plans provided by the state including long-term, reversible contraceptives.

7. If the Missouri State governing body refuses to appropriate the state's share of Medicaid Expansion, then the cost to the state for expanding medical coverage and birth control to all residents will be borne by the hospitals in the state of Missouri as follows:

(a) All hospitals in MO will be assessed a fee to pay for the expense of this expansion. The first year will be an estimate by the 'department of health and senior services'. Assessment will be made based on the most recent records of 'department of health and senior services' for a full year and adjustments for new assessments will begin on the first of April of each following year. Each hospital will pay a share equal to the percentage of patient days of each hospital of the total MO visits. If MO Assembly has not provided appropriations for this measure,then MO Hospitals will begin monthly payments on Jan 1, 2021. Hospitals will make monthly payments to the state of MO into a fund that will only be used for the full Federal Medicaid Expansion, Planned Parenthood and birth control for residents of Missouri.

(b) Missouri will accept the full federal program of Medicaid Expansion. No adjustments will be allotted for employment status of those receiving expansion benefits. If the funds generated by the hospitals will be used to pay for the cost to the state for Medicaid expansion, Missouri will make immediate application and if fees for implementation have not occurred from the hospitals on implementation, the state will borrow from reserve funds to expedite enrollment. These funds will be paid back upon receipt of funds beginning on April 1, 2021 unless the State of Missouri appropriates the necessary funds.

(c)Any savings to the state from Medicaid expansion that is not used for family planning and birth control will go toward the reduction of the levy on hospitals if this bill mandates.

8. If at any time funding for Planned Parenthood by the federal government is discontinued or if it has already been discontinued at the passage of this amendment, the hospital levy will be increased enough to replace the federal funding of Planned Parenthood to a level at least equal to that of 2015 adjusted for inflation. The state of MO will fund Planned Parenthood at a level at least equal to 2015 adjusted for inflation beginning on Jan 1, 2021, and if by the time this measure is accepted, the state of MO has stopped or reduced funding for Planned Parenthood, the state will begin funding Planned Parenthood again at a level equal to 2015 inflation-adjusted.

9. The 'MO HealthNet" oversight committee shall conduct research and investigation for any potential health related savings and revenues associated with expanding Medicaid eligibility and for extended free birth control resulting in fewer births and associated costs as well as savings from continuing 'Planned Parenthood'. Any savings will go to the reduction or elimination of hospital levy if that levy is necessary. Any additional savings will go to the mental health budget. The 'health and senior services' budget in future years will remain at least at the same percent of total MO budget as in 2015 with the excess not needed going to the mental health budget with *priorities* for communities with the highest percent of poverty.

10. No insurance company will be allowed to sell short-term limited-duration insurance (STLDI) plans in the state of Missouri. No insurance company will be allowed to utilize Pre-Existing Conditions to either prevent enrollment or increase prices for any health plan.

11. All subsections and all clauses of this statute, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 3, 2018

RECEIVED
DEC 0 3 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 147 (2020-008)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on December 3, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2018 DEC -3 AM 9:25

CIRCULATOR'S AFFIDAIT **STATE OF MISSOURI, COUNTY OF** _____

Being first duly sworn, say (print or type names of signers)

NAME(SIGNATURE)	DATE SIGNED	REGISTERED VOTING ADDRESS-STREET-(CITY,TOWN OR VILLAGE)	ZIP CODE	CONG. DIST	NAME (PRINTED OR TYPED)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____. County.
FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.
I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition. If paid, list the payer _____ .....

_____ _____ _____

Signature of Affiant (person obtaining signatures Printed name of affiant address of affiant

Subscribed and sworn to before me this ____ day of_____. A.D._____

_____ Notary Public Seal My commission expires on __/__/____.

Signature of notary

Address of notary

Be it enacted by the people of the state of Missouri:

The annual franchise tax of Chapter 147.RSMo will be amended to be reinstated as follows with the revenue to be distributed to the Missouri Road Fund, to the higher education fund and to school districts with a 12% or more poverty level as directed by this amendment:
147.010 1. For the transitional year defined in subsection 4 of this section and each taxable year beginning on or after January 1, 1980, but before January 1, 2000, every corporation organized pursuant to or subject to chapter 351 or pursuant to any other law of this state shall, in addition to all other fees and taxes now required or paid, pay an annual franchise tax to the state of Missouri equal to one-twentieth of one percent of the par value of its outstanding shares and surplus if its outstanding shares and surplus exceed two hundred thousand dollars, or if the outstanding shares of such corporation or any part thereof consist of shares without par value, then, in that event, for the purpose contained in this section, such shares shall be considered as having a value of five dollars per share unless the actual value of such shares exceeds five dollars per share, in which case the tax shall be levied and collected on the actual value and the surplus if the actual value and the surplus exceed two hundred thousand dollars. If such corporation employs a part of its outstanding shares in business in another state or country, then such corporation shall pay an annual franchise tax equal to one-twentieth of one percent of its outstanding shares and surplus employed in this state if its outstanding shares and surplus employed in this state exceed two hundred thousand dollars, and for the purposes of sections 147.010 to 147.120, such corporation shall be deemed to have employed in this state that proportion of its entire outstanding shares and surplus that its property and assets employed in this state bears to all its property and assets wherever located. A foreign corporation engaged in business in this state, whether pursuant to a certificate of authority issued pursuant to chapter 351 or not, shall be subject to this section. Any corporation whose outstanding shares and surplus as calculated in this subsection does not exceed two hundred thousand dollars shall state that fact on the annual report form prescribed by the secretary of state. For all taxable years beginning on or after January 1, 2000, but ending before December 31, 2009, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed one million dollars. Any corporation whose outstanding shares and surplus do not exceed one million dollars shall state that fact on the annual report form prescribed by the director of revenue. For taxable years beginning on or after January 1, 2010, but before December 31, 2011, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars. For all taxable years beginning on or after January 1, 2010, but before December 31, 2015, any corporation whose outstanding shares and surplus do not exceed ten million dollars shall state that fact on the annual report form prescribed by the director of revenue. For all taxable years beginning on or after January 1, 2011, but before December 31, 2015, a corporation's annual tax liability under this chapter shall not exceed the amount of annual franchise tax liability of such corporation for the taxable year ending on or before December 31, 2010. If the corporation had no annual franchise tax liability under this chapter for the taxable year ending on or before December 31, 2010, because such corporation was not in existence or doing business in Missouri, the annual franchise tax for the first taxable year in which such corporation exists shall be determined by applying the applicable rate of tax provided under the provisions of this subsection to the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars, but in no case shall such corporation's tax liability for any subsequent taxable year exceed the amount of annual franchise tax liability of such corporation for the first full taxable year such corporation was in existence or doing business in Missouri. For taxable years beginning on or after January 1, 2012, the annual franchise tax shall be equal to the percentage rate prescribed in this subsection for the corresponding taxable year of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed the corresponding minimum threshold amount prescribed as follows:
(1) For tax year 2012, the rate shall be one-thirty-seventh of one percent and the threshold amount shall be ten million dollars;
(2) For tax year 2013, the rate shall be one-fiftieth of one percent and the threshold amount shall be ten million dollars;

(3) For tax year 2014, the rate shall be one-seventy-fifth of one percent and the threshold amount shall be ten million dollars;
(4) For tax year 2015, the rate shall be one-hundred-fiftieth of one percent and the threshold amount shall be ten million dollars;
(5) For tax years beginning on or after January 1, 2016, no annual franchise tax shall be imposed under this section until the tax year of 2021.

(6) For the tax year 2021, the rate shall be one percent and the threshold amount shall be ten million dollars and shall remain at that rate unless changed through a ballot of the citizens of the state of Missouri. The first quarterly estimated payments will be due on April 15th of 2021.

(7) Forty percent of the revenue of the annual franchise tax will go into the Missouri State Road Fund.

(8) Fifty percent of the revenue of the annual franchise tax will be to provide funds for the schools with a 12% or more poverty level of the citizens in the Missouri public-school system including pre-kindergarten, elementary and secondary education. The revenue generated from the franchise tax for this section will go to a dedicated fund that will be distributed to these schools with a 12% or more poverty level. Distribution will be to those schools that have met the poverty level in at least 5 of the previous 10 years. Distribution will be the total amount distributed equally based on the average daily attendance of all eligible schools. Each school receiving funds will investigate "Communities in Schools" (https://www.communitiesinschools.org/) and utilize funds if deemed appropriate for this program. To combat the "Pipeline to Prison", a penalty of 10% per year (limited to 30% and cancelled once conditions are met) will be imposed on those schools with a 10% or more minority student representation that does not have an ongoing program of strategic planning with Administrators and School Leaders on Restorative Justice, Discipline and behavior systems including:

- A Peace Room which serves as a hub for restorative practices and interventions including: Peace Circles, Mediations, Restorative Chats & Re-entry Circles
- A disciplinary intervention curriculum which teaches critical social-emotional & leadership skills
- Professional development for teachers and school staff

And for schools with potential of 20 pre-Kindergarten students, this penalty will be imposed for not providing every 4-year-old with high-quality, full-day pre-K.

(9) Ten percent of the revenue of the of the annual franchise tax will go to qualified students from families or individuals with an income below 12% poverty level as scholarships only for public Missouri colleges and universities. Scholarships amounts to each individual will include tuition and associated fees and books with an additional amount equal to that amount for their living expenses. Out of the same fund, scholarships will be available for any Missouri medical school or university providing medical training or Doctors of Medicine degrees. These scholarships will cover all tuition and fees, but only half of that amount for living expenses. These scholarships will also be available for any Missouri student who attended a school that served families with an income below the 12% level. Qualified applicants will be granted in order of receipt of application. At the end of each calendar year, any amounts not used for scholarships will be available to pay off student loans of teachers who have taught at schools serving areas with income areas with an income below 12% poverty level. The debts will be paid off beginning with those teachers who have taught the longest and then proceeding to the next longest serving teachers. Any funds not used from this fund will go into funds for higher education. The Missouri budget for elementary and secondary education will not be replaced by this bill. The elementary and secondary education budgets will remain as specified in Chapter 163. Failure of the legislatures to fulfill this

obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget.

2. Sections 147.010 to 147.120 shall not apply to corporations not organized for profit, nor to corporations organized pursuant to the provisions of chapter 349, nor to express companies, which now pay an annual tax on their gross receipts in this state, nor to insurance companies, which are subject to an annual tax on their premium receipts in this state, nor to state, district, county, town and farmers' mutual companies now organized or that may be hereafter organized pursuant to any of the laws of this state, organized for the sole purpose of writing fire, lightning, windstorm, tornado, cyclone, hail and plate glass and mutual automobile insurance and for the purpose of paying any loss incurred by any member by assessment, nor to any mutual insurance corporation not having shares, nor to a company or association organized to transact business of life or accident insurance on the assessment plan for the purpose of mutual protection and benefit to its members and the payment of stipulated sums of moneys to the family, heirs, executors, administrators or assigns of the deceased member, nor to foreign life, fire, accident, surety, liability, steam boiler, tornado, health, or other kind of insurance company of whatever nature coming within the provisions of section 147.050 and doing business in this state, nor to savings and loan associations and domestic and foreign regulated investment companies as defined by Section 170 of the Act of Congress commonly known as the Revenue Act of 1942, nor to electric and telephone corporations organized pursuant to chapter 351 and chapter 392 prior to January 1, 1980, which have been declared tax-exempt organizations pursuant to Section 501(c) of the Internal Revenue Code of 1986, nor for taxable years beginning after December 31, 1986, to banking institutions subject to the annual franchise tax imposed by sections 148.010 to 148.110; but bank deposits shall be considered as funds of the individual depositor left for safekeeping and shall not be considered in computing the amount of tax collectible pursuant to the provisions of sections 147.010 to 147.120.

3. A corporation's taxable year for purposes of sections 147.010 to 147.120 shall be its taxable year as provided in section 143.271.

4. A corporation's transitional year for the purposes of sections 147.010 to 147.120 shall be its taxable year which includes parts of each of the years 1979 and 1980.

5. The franchise tax payable for a corporation's transitional year shall be computed by multiplying the amount otherwise due for that year by a fraction, the numerator of which is the number of months between January 1, 1980, and the end of the taxable year and the denominator of which is twelve. The franchise tax payable, if a corporation's taxable year is changed as provided in section 143.271, shall be similarly computed pursuant to regulations prescribed by the director of revenue.

6. All franchise reports and franchise taxes shall be returned to the director of revenue. All checks and drafts remitted for payment of franchise taxes shall be made payable to the director of revenue.

7. Pursuant to section 32.057, the director of revenue shall maintain the confidentiality of all franchise tax reports returned to the director.

8. The director of the department of revenue shall honor all existing agreements between taxpayers and the director of the department of revenue.

9. All subsections and all clauses of this statute, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 26, 2018

RECEIVED
NOV 26 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Carlton McRoberts (2020-007)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal filed by Carlton McRoberts on November 26, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

RECEIVED
2018 NOV 26 AM 10: 23

Carlton McRoberts
14316 SunSwept Park Ct 108
Florissant, MO 63033
314-939-3078

John R. Ashcroft
Missouri Secretary of State
600 West Main Street
Jefferson City, MO 65101

Dear Mr. Ashcroft:

The past millennium Lady Liberty was honored to the core.

"Give me your tired, your poor, your
Huddled masses yearning to breathe
Free. The wretched refuse of your teeming
Shore. Send these, the homeless, tempest-
tossed to me. I lift my lamp beside the
golden door!"

The millennium is new. The responsibility of bringing the honor up to speed is on us the American citizens and officials.

My way as an American citizen is to add a female only clause to Miranda Rights. In 1966 U.S. Supreme Court decided based on the Fifth Amendment, anyone in police custody must be told four things.

1.You have the right to remain silent

2.Any thing you say can and will be used

against you in the court of law

3.You have the right to an attorney

4.If you cannot afford an attorney one

Will be appointed for you

If I had my way a fifth thing would be said to females only. They have right to a big shirt.

The welfare of America can no longer go neglected. Every day the police foot is not in door, sort of speak, of melting pot society homes homeland security suffers. Lets make America Great Again.

Public indecency ordinance reflect moral disapproval of people appearing in the nude, among strangers in public places. This particular law follows a line of state laws dating back to 1831, banning public nudity. The States traditional police power is defined as the authority to provide for public health, safety, and morals. Signatures for Miranda Rights Female only clause can fulfill those obligations.

Sincerely

US Shirts Women

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 20, 2018

RECEIVED
NOV 20 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article III (2020-006)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on November 19, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street, No PO Box)	(City, Town orVillage)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1						
2						
3						
4						
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6						
7						
8						
9						
10						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of ....., A.D.....

.....
Notary Public (Seal)
My commission expires.....

.....
Signature of Notary
.....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends Article III section 50 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo. Section 50. Initiative petitions proposing amendments to the constitution shall be signed by eight percent of the legal voters in each of two-thirds of the congressional districts in the state, and petitions proposing laws shall be signed by five percent of such voters. Every such petition shall be filed with the secretary of state not less than six months before the election and shall contain an enacting clause and the full text of the measure. Petitions for constitutional amendments shall not contain more than one amended and revised article of this constitution, or one new article which shall not contain more than one subject and matters properly connected therewith, and the enacting clause thereof shall be "Be it resolved by the people of the state of Missouri that the Constitution be amended:". Petitions for laws shall contain not more than one subject which shall be expressed clearly in the title, and the enacting clause thereof shall be "Be it enacted by the people of the state of Missouri:". A petition may be filed following a November election and no filing fee shall be imposed. Any adult 18 years old or older may collect signatures any petition approved of circulation. A petitioner may volunteer or be paid. An employer may pay per signature, by the hour, or any way agreed to. No changes to election laws without voter approval. The Secretary of State shall host and maintain a web based system for the purpose of providing voters the option of sign petitions electronically. The office the Secretary of State shall provide a verified voter with a unique identification number and collect identical information as required by existing initiative petition law. The electronic signature process is in addition to existing signature requirements and allows an individual to choose between the electronic signature and personally signing a hard copy of a petition. Voters shall have the option of receiving a confirmation text, confirmation email, email, any electronic message within the capacity of Secretary of State and available at the time, or postcard confirming the electronic signature and informing the voter about the 20 day period respond with any corrections or objections to the electronic signature.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 19, 2018

RECEIVED
NOV 19 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Theodis Brown regarding a proposed statutory amendment to Chapter 67 (2020-005)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Theodis Brown on November 19, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

20-005

RECEIVED
2018 NOV 19 AM 8:36

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable _____, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the 67.1401, a shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the ___ day of November, 20__, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

STATE OF MISSOURI,

CIRCULATOR'S AFFIDAVIT

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

	NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street)	(City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires:

Mo community improvement district act

chief theodis brown <mplefireprotectioncompany@gmail.com>

Fri 11/16/2018, 11:09 PM

To: stlouisprivateeyenewspaper <stlouisprivateeyenewspaper@yahoo.com>
Cc: force1949 <force1949@hotmail.com>

Be it enacted by the peoples of the state of Missouri;without chapter 67.1401-67.1571,is amended by adding thereto one new section ,to be known as section 67.1572rsmo to read as follow;Section 67.1572rsmo,1.mo.CID act invoking. 2.provide for incorporate a county of .mo,homeless shelter district act law entity, under section 67.1572rsmo

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 19, 2018

RECEIVED
NOV 19 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article III (2020-004)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on November 19, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 2nd day of November, 2020 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official ballot Title]

RECEIVED
2018 NOV 19 AM 8:16

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

	Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street, No PO Box)	(City, Town orVillage)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1							
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of ....., A.D.....

.....
Signature of Notary

Notary Public (Seal)
My commission expires.....

.....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends Article III section 50 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.
Section 50. Initiative petitions proposing amendments to the constitution shall be signed by eight percent of the legal voters in each of two-thirds of the congressional districts in the state, and petitions proposing laws shall be signed by five percent of such voters. Every such petition shall be filed with the secretary of state not less than six months before the election and shall contain an enacting clause and the full text of the measure. Petitions for constitutional amendments shall not contain more than one amended and revised article of this constitution, or one new article which shall not contain more than one subject and matters properly connected therewith, and the enacting clause thereof shall be "Be it resolved by the people of the state of Missouri that the Constitution be amended:". Petitions for laws shall contain not more than one subject which shall be expressed clearly in the title, and the enacting clause thereof shall be "Be it enacted by the people of the state of Missouri:". A petition may be filed following a November election and no filing fee shall be imposed. Any adult 18 years old or older may collect signatures any petition approved of circulation. A petitioner may volunteer or be paid. An employer may pay per signature, by the hour, or any way agreed to. No changes to election laws without voter approval. The Secretary of State shall host and maintain a web based system for the purpose of providing voters the option of sign petitions electronically. The office the Secretary of State shall provide a verified voter with a unique identification number and collect identical information as required by existing initiative petition law. The electronic signature process is in addition to existing signature requirements and allows an individual to choose between the electronic signature and personally signing a hard copy of a petition. Voters shall have the option of receiving a confirmation text, confirmation email, email, any electronic message within the capacity of Secretary of State and available at the time, or postcard confirming the electronic signature and informing the voter during a 20 day period to respond with any corrections or objections to the electronic signature.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 16, 2018

RECEIVED
NOV 16 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article III (2020-003)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on November 16, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

20-003

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 2nd day of November, 2020 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official ballot Title]

RECEIVED
NOV 16 2018
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

	Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street, No PO Box)	(City, Town orVillage)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1							
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

Subscribed and sworn to before me this ..... day of ....., A.D.....

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....

Notary Public (Seal)
My commission expires.....

.....
Signature of Notary

.....
Address of Notary

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends Article III section 50 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo. Section 50. Initiative petitions proposing amendments to the constitution shall be signed by eight percent of the legal voters in each of two-thirds of the congressional districts in the state, and petitions proposing laws shall be signed by five percent of such voters. Every such petition shall be filed with the secretary of state not less than six months before the election and shall contain an enacting clause and the full text of the measure. Petitions for constitutional amendments shall not contain more than one amended and revised article of this constitution, or one new article which shall not contain more than one subject and matters properly connected therewith, and the enacting clause thereof shall be "Be it resolved by the people of the state of Missouri that the Constitution be amended:". Petitions for laws shall contain not more than one subject which shall be expressed clearly in the title, and the enacting clause thereof shall be "Be it enacted by the people of the state of Missouri:". A petition may be filed following a November election and no filing fee shall be imposed. Any adult 18 years old or older may collect signatures any petition approved of circulation. A petitioner may volunteer or be paid. An employer may pay per signature, by the hour, or any way agreed to. No changes to election laws without voter approval. The Secretary of State shall host and maintain a web based system for the purpose of providing voters the option of sign petitions electronically. The office the Secretary of State shall provide a verified voter with a unique identification number and collect identical information as required by existing initiative petition law. The electronic signature process is in addition to existing signature requirements and allows an individual to choose between the electronic signature and personally signing a hard copy of a petition. Voters shall have the option of receiving a confirmation text, confirmation email, email, any electronic message within the capacity of Secretary of State and available at the time, or postcard confirming the electronic signature and informing the voter during a 20 day period to respond with any corrections or objections to the electronic signature.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 13, 2018

RECEIVED
NOV 14 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 208 (2020-002)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on November 13, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

RECEIVED
2019 NOV 13 AM 9:46

Be it enacted by the people of the state of Missouri: without

To utilize the Federal Expanded Medicaid Program, Chapter 208.RSMo, is amended by adding thereto one new section, to be known as section 208.207, to read as follows:

208.207. 1. Beginning January 1, 2021, individuals age nineteen to sixty-four, who are not otherwise eligible for MO HealthNet services under this chapter, who qualify for MO HealthNet services under section 42 U.S.C. 1396a(a)(10()(A)(i)(VIII) and as set forth in 42 CFR 435.119, and who have income at or below one hundred thirty-three percent of the federal poverty level plus five percent of the applicable family size as determined under 42 U.S.C. 1396a(e)(14) and as set forth om 42 CFR 435.603, shall be eligible for medical assistance under Mo HealthNet and shall receive coverage for the health benefits service package.

2. For purposes of this section, "health benefits service package" shall mean, subject to federal approval, benefits covered by the MO HealthNet program as determined by the department of social services to meet the benchmark or benchmark-equivalent coverage requirement under 42 U.S.C. 1396a(k)(1).

3. The reimbursement rate to MO HealthNet providers for MO HealthNet services provided to individuals qualifying under the provisions of this section shall be comparable to commercial reimbursement payment levels with trend adjustment for comparable services. The rates shall be determined annually by the department of social services, and the department may develop such rates through a contracted actuary. The higher commercial comparable rates shall only apply for services provided to individuals qualifying under this section.

4. (1) The department of social services shall discontinue eligibility for persons who are eligible under subsection 1 of this section if:

(a) The federal medical assistance percentage established under 42 U.S.C. Section 1396d(y) or 1369d(z) is less than ninety percent as specified for 2020 each year thereafter or an amount determined by the MO HealthNet oversight committee to be necessary to maintain state budget solvency, whichever is lower; and

(b) The general assembly votes to discontinue eligibility for persons who are eligible under subsection 1 of this section. Prior to any vote under this paragraph, the MO HealthNet oversight committee and the department of social services shall provide the general assembly with information on the current and projected expenses incurred due to expanding eligibility to persons under subsection 1 of this section in relation to health-related savings and revenues and health outcomes of individuals and families receiving benefits under subsection 1 of this section.

(2) The department of social services shall inform persons eligible under subsection 1 of this section that their benefits may be reduced or eliminated if federal funding decreases of is eliminate.

5. The MO HealthNet oversight committee shall conduct research and investigate any potential health-related savings and revenues associated with expanding eligibility to persons under subsection 1 of this section. The committee shall investigate the federal matching rate below which the state could not maintain the expanded eligibility to persons under subsection 1 of this section. If the amount is determined to be greater than ninety percent, the committee shall report its findings to the general assembly for its consideration prior to any vote under paragraph (b) of subdivision (1) of subsection 4 of

this section. In conducting its research and investigation, the committee shall also determine the feasibility of:

(1) Implementing capped cost sharing for persons eligible under subsection 1 of this section which may be reduced based on healthy behaviors of participants.

(2) Expanding Medicaid coverage for certain health care services that are currently financed by the state: and

(3) Enrolling persons under subsection 1 of this section in private health benefit plans.

6. Birth control and family planning will be available to all MO women and male residents 13 years of age and over with proof of age and residence. Applications for birth control and family planning will not need permission from family, spouses or guardians (those under the age of 14 will need permission of guardians or parent). Confidentially will be ensured at all levels. If insurance coverage would come from parent or guardian to cover procedure, on request by patient, this charge will go directly to the state to ensure privacy of applicant. Birth control and family planning covered by this bill will begin on April 1, 2021. There will be no cost for family planning services, including office visits and drugs/devices to the patient. The patient will not have to pay a co-payment for family planning services covered by other health insurance as the state will pick up these non-insurance covered expenses. The patient can go to any health provider who offers family planning services such as:

(a) An ob/gyn or gynecologist, a certified nurse-midwife, a nurse practitioner or other advanced practice nurse, a family planning clinic, your regular doctor or primary care provider or Planned Parenthood. The patient may see 'out of network' doctors as the state will be billed directly covering the costs.

(b) Services covered will include:

(1) Birth control pills, Patches (like the OrthoEvra Patch), Vaginal rings (like the NuvaRing), Injections (like the Depo shot), Implants (like Implanon), Intrauterine devices (IUDs – like Mirena or Paragard), Emergency birth control ("the morning-after pill"), Diaphragms, Condoms,

(2) Surgical sterilization for clients 21 years old and older (like vasectomies or tubal ligation, including the Essure procedure) or any future approved medical procedures will be included at the patient's choice.

(3) The state will make available to all schools and health care offices information for teens announcing the birth control plans provided by the state including long-term, reversible contraceptives.

7. If the Missouri State governing body refuses to appropriate the state's share of Medicaid Expansion, then the cost to the state for expanding medical coverage and birth control to all residents will be borne by the hospitals in the state of Missouri as follows:

(a) All hospitals in MO will be assessed a fee to pay for the expense of this expansion. The first year will be an estimate by the 'department of health and senior services'. Assessment will be made based on the most recent records of 'department of health and senior services' for a full year and adjustments for new assessments will begin on the first of April of each following year. Each hospital will pay a share equal to the percentage of patient days of each hospital of the total MO visits. If MO Assembly has not provided appropriations for this measure,then MO Hospitals will begin monthly payments on Jan 1, 2021. Hospitals will make monthly payments to the state of MO into a fund that will only be used for the full Federal Medicaid Expansion, Planned Parenthood and birth control for residents of Missouri.

(b) Missouri will accept the full federal program of Medicaid Expansion. No adjustments will be allotted for employment status of those receiving expansion benefits. If the funds generated by the hospitals will be used to pay for the cost to the state for Medicaid expansion, Missouri will make immediate application and if fees for implementation have not occurred from the hospitals on implementation, the state will borrow from reserve funds to expedite enrollment. These funds will be paid back upon receipt of funds beginning on April 1, 2021 unless the State of Missouri appropriates the necessary funds.

(c)Any savings to the state from Medicaid expansion that is not used for family planning and birth control will go toward the reduction of the levy on hospitals if this bill mandates.

8. If at any time funding for Planned Parenthood by the federal government is discontinued or if it has already been discontinued at the passage of this amendment, the hospital levy will be increased enough to replace the federal funding of Planned Parenthood to a level at least equal to that of 2015 adjusted for inflation. The state of MO will fund Planned Parenthood at a level at least equal to 2015 adjusted for inflation beginning on Jan 1, 2021, and if by the time this measure is accepted, the state of MO has stopped or reduced funding for Planned Parenthood, the state will begin funding Planned Parenthood again at a level equal to 2015 inflation-adjusted.

9. The 'MO HealthNet" oversight committee shall conduct research and investigation for any potential health related savings and revenues associated with expanding Medicaid eligibility and for extended free birth control resulting in fewer births and associated costs as well as savings from continuing 'Planned Parenthood'. Any savings will go to the reduction or elimination of hospital levy if that levy is necessary. Any additional savings will go to the mental health budget. The 'health and senior services' budget in future years will remain at least at the same percent of total MO budget as in 2015 with the excess not needed going to the mental health budget with *priorities* for communities with the highest percent of poverty.

10. No insurance company will be allowed to sell short-term limited-duration insurance (STLDI) plans in the state of Missouri. No insurance company will be allowed to utilize Pre-Existing Conditions to either prevent enrollment or increase prices for any health plan.

11. All subsections and all clauses of this statute, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 13, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
NOV 14 2018
STATE AUDITORS OFFICE

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 147 (2020-001)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on November 13, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

RECEIVED
2018 NOV 13 AM 9:47

Be it enacted by the people of the state of Missouri:

The annual franchise tax of Chapter 147.RSMo will be amended to be reinstated as follows with the revenue to be distributed to the Missouri Road Fund, to the higher education fund and to school districts with a 12% or more poverty level as directed by this amendment:

147.010 1. For the transitional year defined in subsection 4 of this section and each taxable year beginning on or after January 1, 1980, but before January 1, 2000, every corporation organized pursuant to or subject to chapter 351 or pursuant to any other law of this state shall, in addition to all other fees and taxes now required or paid, pay an annual franchise tax to the state of Missouri equal to one-twentieth of one percent of the par value of its outstanding shares and surplus if its outstanding shares and surplus exceed two hundred thousand dollars, or if the outstanding shares of such corporation or any part thereof consist of shares without par value, then, in that event, for the purpose contained in this section, such shares shall be considered as having a value of five dollars per share unless the actual value of such shares exceeds five dollars per share, in which case the tax shall be levied and collected on the actual value and the surplus if the actual value and the surplus exceed two hundred thousand dollars. If such corporation employs a part of its outstanding shares in business in another state or country, then such corporation shall pay an annual franchise tax equal to one-twentieth of one percent of its outstanding shares and surplus employed in this state if its outstanding shares and surplus employed in this state exceed two hundred thousand dollars, and for the purposes of sections 147.010 to 147.120, such corporation shall be deemed to have employed in this state that proportion of its entire outstanding shares and surplus that its property and assets employed in this state bears to all its property and assets wherever located. A foreign corporation engaged in business in this state, whether pursuant to a certificate of authority issued pursuant to chapter 351 or not, shall be subject to this section. Any corporation whose outstanding shares and surplus as calculated in this subsection does not exceed two hundred thousand dollars shall state that fact on the annual report form prescribed by the secretary of state. For all taxable years beginning on or after January 1, 2000, but ending before December 31, 2009, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed one million dollars. Any corporation whose outstanding shares and surplus do not exceed one million dollars shall state that fact on the annual report form prescribed by the director of revenue. For taxable years beginning on or after January 1, 2010, but before December 31, 2011, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars. For all taxable years beginning on or after January 1, 2010, but before December 31, 2015, any corporation whose outstanding shares and surplus do not exceed ten million dollars shall state that fact on the annual report form prescribed by the director of revenue. For all taxable years beginning on or after January 1, 2011, but before December 31, 2015, a corporation's annual tax liability under this chapter shall not exceed the amount of annual franchise tax liability of such corporation for the taxable year ending on or before December 31, 2010. If the corporation had no annual franchise tax liability under this chapter for the taxable year ending on or before December 31, 2010, because such corporation was not in existence or doing business in Missouri, the annual franchise tax for the first taxable year in which such corporation exists shall be determined by applying the applicable rate of tax provided under the provisions of this subsection to the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars, but in no case shall such corporation's tax liability for any subsequent taxable year exceed the amount of annual franchise tax liability of such corporation for the first full taxable year such corporation was in existence or doing business in Missouri. For taxable years beginning on or after January 1, 2012, the annual franchise tax shall be equal to the percentage rate prescribed in this subsection for the corresponding taxable year of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed the corresponding minimum threshold amount prescribed as follows:

(1) For tax year 2012, the rate shall be one-thirty-seventh of one percent and the threshold amount shall be ten million dollars;

(2) For tax year 2013, the rate shall be one-fiftieth of one percent and the threshold amount shall be ten million dollars;

(3) For tax year 2014, the rate shall be one-seventy-fifth of one percent and the threshold amount shall be ten million dollars;
(4) For tax year 2015, the rate shall be one-hundred-fiftieth of one percent and the threshold amount shall be ten million dollars;
(5) For tax years beginning on or after January 1, 2016, no annual franchise tax shall be imposed under this section until the tax year of 2021.

(6) For the tax year 2021, the rate shall be one percent and the threshold amount shall be ten million dollars and shall remain at that rate unless changed through a ballot of the citizens of the state of Missouri. The first quarterly estimated payments will be due on April 15th of 2021.

(7) Forty percent of the revenue of the annual franchise tax will go into the Missouri State Road Fund.

(8) Fifty percent of the revenue of the annual franchise tax will be to provide funds for the schools with a 12% or more poverty level of the citizens in the Missouri public-school system including pre-kindergarten, elementary and secondary education. The revenue generated from the franchise tax for this section will go to a dedicated fund that will be distributed to these schools with a 12% or more poverty level. Distribution will be to those schools that have met the poverty level in at least 5 of the previous 10 years. Distribution will be the total amount distributed equally based on the average daily attendance of all eligible schools. Each school receiving funds will investigate "Communities in Schools" (https://www.communitiesinschools.org/) and utilize funds if deemed appropriate for this program. To combat the "Pipeline to Prison", a penalty of 10% per year (limited to 30% and cancelled once conditions are met) will be imposed on those schools with a 10% or more minority student representation that does not have an ongoing program of strategic planning with Administrators and School Leaders on Restorative Justice, Discipline and behavior systems including:

- A Peace Room which serves as a hub for restorative practices and interventions including: Peace Circles, Mediations, Restorative Chats & Re-entry Circles
- A disciplinary intervention curriculum which teaches critical social-emotional & leadership skills
- Professional development for teachers and school staff

And for schools with potential of 20 pre-Kindergarten students, this penalty will be imposed for not providing every 4-year-old with high-quality, full-day pre-K.

(9) Ten percent of the revenue of the of the annual franchise tax will go to qualified students from families or individuals with an income below 12% poverty level as scholarships only for public Missouri colleges and universities. Scholarships amounts to each individual will include tuition and associated fees and books with an additional amount equal to that amount for their living expenses. Out of the same fund, scholarships will be available for any Missouri medical school or university providing medical training or Doctors of Medicine degrees. These scholarships will cover all tuition and fees, but only half of that amount for living expenses. These scholarships will also be available for any Missouri student who attended a school that served families with an income below the 12% level. Qualified applicants will be granted in order of receipt of application. At the end of each calendar year, any amounts not used for scholarships will be available to pay off student loans of teachers who have taught at schools serving areas with income areas with an income below 12% poverty level. The debts will be paid off beginning with those teachers who have taught the longest and then proceeding to the next longest serving teachers. Any funds not used from this fund will go into funds for higher education. The Missouri budget for elementary and secondary education will not be replaced by this bill. The elementary and secondary education budgets will remain as specified in Chapter 163. Failure of the legislatures to fulfill this

obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget.

2. Sections 147.010 to 147.120 shall not apply to corporations not organized for profit, nor to corporations organized pursuant to the provisions of chapter 349, nor to express companies, which now pay an annual tax on their gross receipts in this state, nor to insurance companies, which are subject to an annual tax on their premium receipts in this state, nor to state, district, county, town and farmers' mutual companies now organized or that may be hereafter organized pursuant to any of the laws of this state, organized for the sole purpose of writing fire, lightning, windstorm, tornado, cyclone, hail and plate glass and mutual automobile insurance and for the purpose of paying any loss incurred by any member by assessment, nor to any mutual insurance corporation not having shares, nor to a company or association organized to transact business of life or accident insurance on the assessment plan for the purpose of mutual protection and benefit to its members and the payment of stipulated sums of moneys to the family, heirs, executors, administrators or assigns of the deceased member, nor to foreign life, fire, accident, surety, liability, steam boiler, tornado, health, or other kind of insurance company of whatever nature coming within the provisions of section 147.050 and doing business in this state, nor to savings and loan associations and domestic and foreign regulated investment companies as defined by Section 170 of the Act of Congress commonly known as the Revenue Act of 1942, nor to electric and telephone corporations organized pursuant to chapter 351 and chapter 392 prior to January 1, 1980, which have been declared tax-exempt organizations pursuant to Section 501(c) of the Internal Revenue Code of 1986, nor for taxable years beginning after December 31, 1986, to banking institutions subject to the annual franchise tax imposed by sections 148.010 to 148.110; but bank deposits shall be considered as funds of the individual depositor left for safekeeping and shall not be considered in computing the amount of tax collectible pursuant to the provisions of sections 147.010 to 147.120.

3. A corporation's taxable year for purposes of sections 147.010 to 147.120 shall be its taxable year as provided in section 143.271.

4. A corporation's transitional year for the purposes of sections 147.010 to 147.120 shall be its taxable year which includes parts of each of the years 1979 and 1980.

5. The franchise tax payable for a corporation's transitional year shall be computed by multiplying the amount otherwise due for that year by a fraction, the numerator of which is the number of months between January 1, 1980, and the end of the taxable year and the denominator of which is twelve. The franchise tax payable, if a corporation's taxable year is changed as provided in section 143.271, shall be similarly computed pursuant to regulations prescribed by the director of revenue.

6. All franchise reports and franchise taxes shall be returned to the director of revenue. All checks and drafts remitted for payment of franchise taxes shall be made payable to the director of revenue.

7. Pursuant to section 32.057, the director of revenue shall maintain the confidentiality of all franchise tax reports returned to the director.

8. The director of the department of revenue shall honor all existing agreements between taxpayers and the director of the department of revenue.

9. All subsections and all clauses of this statute, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.